No. 80-1882

Office-Supreme Court, U.S.
FILED
APR 28 1981
ALEXANDER L. STEVAS,
CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, 1980

CHARLES CHAPMAN, et al.,

Petitioners,

vs.

THE DOW CHEMICAL COMPANY, et al.,

Respondents.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

VICTOR JOHN YANNACONE, JR.
(Counsel of Record for Petitioners)
ALBERT J. FIORELLA
IRVING LIKE
EDWARD F. HAYES, III
YANNACONE & ASSOCIATES
Post Office Drawer #109
Patchogue, New York 11772
(516) 654-2299

Counsel for Petitioners

QUESTIONS PRESENTED

Does an action brought by the plaintiff veterans and their families against the several stateless, multi-national, conglomerate, corporate war contractor defendants to redress the poisoning of approximately 2.4 million American Servicemen[1] who served as combat soldiers during the war in Southeast Asia raise "federal questions" the resolution of which is properly before the federal courts under 28 U.S.C. § 1331 and the determination of which should be governed by some uniform rule of federal common law?

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1 There are additional suits before the District Court brought by Australian and other SEATO soldiers and their families. See 506 F. Supp. 756 (E.D.N.Y. 1980).

PARTIES

More than 100 actions involving over 5,000 individual veterans, their wives, widows and children, and in certain cases their parents, were filed in federal district courts throughout the United States and appear before this Court as consolidated under docket MDL 381 pursuant to 28 U.S.C. § 1407. The lead case, under MDL procedures, is:

> "CHARLES CHAPMAN, individually and on behalf of all those so unfortunate as to have been and now to be similarly situated at risk from the toxic effects of phenoxy herbicides such as the 2, 4, 5 trichloro phenoxy aliphatics manufactured, formulated, advertised, promoted, marketed and sold, individually and collectively by the corporate defendants herein, although known to be contaminated with toxic synthetic organic chemical 2, 3, 7, 8-tetrachloro dibenzo p.-dioxin ("TCDD" or "Dioxin") and KUNIKO CHAPMAN, individually and on behalf of all those so unfortunate as to have been similarly affected as a result of the toxic effects of phenoxy herbicides such as the 2, 4, 5 trichloro phenoxy aliphatics manufactured, formulated, advertised, promoted, marketed and sold, individually and collectively by the corporate defendants herein, although known to be contaminated with toxic synthetic organic chemical 2, 3, 7, 8-tetrachloro dibenzo p.-dioxin ("TCDD" or "Dioxin"),
>
> Plaintiffs,
>
> vs.
>
> THE DOW CHEMICAL COMPANY, HERCULES INCORPORATED, NORTHWEST INDUSTRIES, INC., DIAMOND SHAMROCK CORPORATION, MONSANTO COMPANY, and NORTH AMERICA PHILIPS CORP.,
>
> Defendants,[2]
>
> and
>
> THE UNITED STATES OF AMERICA, VETERANS ADMINISTRATION, DEPARTMENT OF DEFENSE, SOCIAL SECURITY ADMINISTRATION, DEPARTMENT OF HEALTH, EDUCATION AND WELFARE,
>
> as their several interests may appear."

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2 After the arguments before the Court of Appeals and as a result of disclosures by the government, Ansul Company, Riverdale Chemical Co., Uniroyal, Inc., Occidental Petroleum Co., have been included as additional defendants. Their counsel will be served with copies of this Petition.

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No._____

CHARLES CHAPMAN, et al.,

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THE DOW CHEMICAL COMPANY, et al.,

Respondents.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

Petitioners, veterans of United States military service in Viet Nam, their wives and widows, children, representatives, and survivors, respectfully pray that a writ of certiorari issue to review the decision of the Court of Appeals for the Second Circuit in these cases.

OPINIONS BELOW

The opinion of the Second Circuit from which a writ of certiorari is sought is reported at 635 F.2d 987 (2d Cir. 1980). That decision by a divided court, Chief Judge Feinberg dissenting, reversed a decision by the District Court, George C. Pratt, J., reported at 506 F. Supp. 737 (E.D.N.Y. 1979).[3]

3 Subsequent to the decision of the Court of Appeals, the District Court gave limited class certification to those actions which, because of diversity jurisdiction or other reason, were not dismissed as a result of the action of the Court of Appeals. *In Re Agent Orange Product Liability Litigation*, 506 F. Supp. 762, 787 (E.D.N.Y. 1980). There were approximately 800 individuals named plaintiffs at the time of the

JURISDICTION

The decision and order sought to be reviewed was entered by the clerk of the Court of Appeals on November 24, 1980, without time notation. A Petition for Rehearing *en banc* was denied by order entered January 28, 1981. This Petition is being filed within 90 days of that order and no extension of time for filing this Petition has been sought. Jurisdiction of this Court is therefore invoked under 28 U.S.C. § 1254(1).

STATUTORY PROVISION INVOLVED

Section 1331(a) of Title 28, United States Code, provides:

> The district courts shall have original jurisdiction of all civil actions wherein the matter in controversy exceeds the sum or value of $10,000, exclusive of interest and costs and arises under the Constitution, laws, or treaties of the United States.

STATEMENT OF THE CASE

This litigation arises out of the use of phenoxy herbicides, including a certain "Agent Orange," which were manufactured, formulated, advertised, marketed, promoted and sold by the multinational, conglomerate, corporate defendant war contractors. The plaintiffs are the class of all those United States veterans who served in Southeast Asia during the "Viet Nam War" and were exposed to chemical defoliants such as the "dioxin" contaminated phenoxy herbicides, together with their wives and children, and, in certain unfortunate cases, their widows, orphans, and parents.

Court of Appeals decision. Because of the immense burdens being placed on the clerk's office by individual filings, the District Court had requested counsel to refrain from filing further actions, pending class action certification. The District Court designated one case, *Chapman* v. *Dow*, 79 C. 1195 (N.D. Ill., 1979), as lead case for the purposes of these motions.[1]

The phenoxy herbicides supplied by the defendant War Contractor were admittedly contaminated with polychlorinated dibenzo *p*-dio (PCDDs), including 2,3,7,8-tetrachloro-dibenzo *p*-dioxin (TCDD "Dioxin"), a compound conceded to be one of the most toxic substances ever developed by man. As a result of exposure to these contaminated herbicides, individual veterans have suffered genetic and somatic damage, including neoplastic disease (cancer). Children of the plaintiff veterans have been born with catastrophic polygenetic birth defects, while others have died *in utero*, been stillborn, or succumbed as infants.

In addition to compensatory, general and punitive damages the plaintiff veterans demand declaratory judgment and equitable relief including the creation of a trust fund for the benefit of the afflicted victims out of the current earnings of the corporate defendants rather than the public treasury.[4]

Jurisdiction is invoked under 28 U.S.C. § 1331 ("federal question"), because the claims of the more than two million soldier-veterans who fought shoulder-to-shoulder for the United States of America in Southeast Asia by command of the Federal Government should not be subject to the vagaries of disparate state laws and the inevitable inconsistent results which would allow recovery to some and deny it to others solely because of the accident of their residence. Put another way, the plaintiff veterans and their families assert "federal question" jurisdiction because the several states (which cannot agree on principles of substantive tort law, choice of law, or statutes of limitations, and which would readily allow compensation to some and deny it out of hand to others) are inappropriate forums to resolve the fundamentally federal interests determining the relationships between members of the armed forces of the United States and their country.

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4 Such a trust fund is necessary to assure restitution to, among others, the American taxpayers for benefits paid those victims through the United States Department of Health and Welfare, the social services agencies of the several states and the Veterans Administration. The trust fund may also provide the means for the corporate defendants to avoid economic disaster should the plaintiff veterans and their families ever recover damages consistent with the magnitude of their injuries.

REASONS FOR GRANTING THE WRIT

I.

The federal interest in the "Agent Orange" cases mandates "Federal Question" Jurisdiction.

Quite apart form the legal issues raised, the claims of the plaintiff veterans and their families should command the attention of this Court because of the national concern for their plight and the widespread public interest in having the issues of fact aired in the essentially apolitical atmosphere of the federal courts.

In a formal sense, Petitioners contend that there is an acknowledged, direct, and continuing federal interest in the unique relationship between soldiers and their government; and that there is an abiding and deep concern of the American people who want to know how the federal courts are going to deal with the legitimate and substantial claims of these combat veterans.

This Court has already seen fit to review issues of less significance arising out of isolated claims (*Day and Zimmerman, Inc.* v. *Challoner,* 423 U.S. 3 (1975). It would seem all the more appropriate to consider them in the context of a mass toxic tort committed upon more than two million young Americans who answered their country's call to protect American interests in Southeast Asia.

The legal issues are no less substantial and important than the moral and philosophical questions which haunt the nation about the "Vietnam War". The District Court and, it is submitted, even the Court of Appeals, correctly, reviewed the principles of law contained in *Miree* v. *DeKalb County,* 433 U.S. 25 (1977) and *Wallis* v. *Pan American Petroleum Corp.,* 384 U.S. 63 (1966) and synthesized the criteria into a three-pronged test to establish whether the Court should assume "fed-

eral question" jurisdiction and whether a federal common law rule should determine the veterans claims:

> ". . . (1) the existence of a substantial federal interest in the outcome of a litigation; (2) the effect on this federal interest should state law be applied; and (3) the effect on state interests should state law be displaced by federal common law." 635 F.2d at 990; 506 F. Supp. at 746.

The majority opinion in the Court of Appeals, written by Judge Amalya Lyle Kearse, while disparaging "uniformity" as a basis for federal interest, nonetheless agreed that substantial federal interests existed in the relationship of a soldier to his government [*Feres* v. *United States*, 340 U.S. 135 (1950); *United States* v. *Standard Oil Co.*, 332 U.S. 301 (1947)] and, of equal importance, also in the relationship of the government to its war suppliers [*Stencel Aero Engineering Corp.* v. *United States*, 431 U.S. 666 (1977)].

Standard Oil, (supra), recognized that the relationship between the government and its servicemen was "distinctly federal in character," and conferred rights and duries on members of the armed forces of the United States that were distinctly federal in nature. (*Id.* at 305). The Second Circuit acknowledged that "the government has an interest in the welfare of its veterans [who] have given of themselves in the most fundamental way possible in the national interest." 635 F.2d 994.

Similarly, *Stencel Aero Engineering Corp., (supra)*, established that the relationship between the government and those with whom it contracts is also distinctly federal in character. (*Id.* at 672). Liability here, as the Second Circuit observed (635 F.2d at 994), could well affect not only the government's ability to secure military equipment, but also the prices, terms and conditions upon which it could be procured.

Notwithstanding their agreement that the "Agent Orange" cases involve substantial federal interests, Judges Kearse and Van Graafeiland, however, found these interests in conflict and

held that the federal courts were incapable of resolving conflicts between competing federal interests.

The notion that federal courts are unable to, or simply cannot, select a rule of federal common law from among federal policies and interests is not only novel but fundamentally inconsistent with the concept that each citizen has an obligation to serve in the Armed Forces of the United States, but no such obligation to serve in the militias of the several states. Put another way, the plaintiff veterans are soldiers who went to Vietnam not at the behest of any individual state, but by compulsion of the federal government.

While in Vietnam, the plaintiff veterans were exposed to toxic synthetic organic chemicals such as TCDD which contaminated the "Agent Orange" sold to the United States Government by the several stateless, multi-national chemical companies, the defendants in these actions. The plaintiffs can demonstrate that these war contractors failed to take reasonable care to reduce or eliminate the dioxin contaminate in the phenoxy herbicides they manufactured, and that they failed to warn the Department of Defense during the war, and the Veterans Administration after the war, about the dangers associated with the dioxin contamination. Thus, the defendant war contractors sold the federal government a product which was not only defective in both design and manufacture but also lacking the warning necessary to enable the federal government to make an informed choice. If the contaminated phenoxy herbicide was a "defective" product, it was "defective" as to all the American soldiers who were exposed to it in Southeast Asia regardless of the state of their residence at the time they joined the armed forces or the state of their residence today.[5]

Nevertheless, Judges Kearse and Van Graafeiland tell us that soldiers who fought shoulder-to-shoulder and were exposed to this poisonous contaminant, without regard for the states from

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5 The Third Amended Complaint asserts causes of action in Strict Product Liability, Negligence, Breach of Warranty, Intentional Tort, Equity and Nuisance.

which they came, are to be treated in widely disparate fashion according to the law of their home states or by the exercise of some esoteric choice of law principle.

As a practical matter, if the decision of the Court of Appeals is permitted to stand, it means that two judges of the Second Circuit will have closed the door to the Courthouse and barred recovery to more than 600,000 veterans from twenty states, while their comrades in arms from the remaining thirty states will be permitted to recover compensation for the damages they have suffered as a result of the defendants' wrongdoing.

Undoubtedly, the millions of soldiers who heeded the call of their country to serve and fight in the Viet Nam war, who endured untold suffering and made incredible sacrifices in the service of their government, as well as those yet to be called to served our nation in future wars, will find not only anomalous, but incomprehensible and disturbing the notion of Judges Kearse and Van Graafeiland that their right to be heard in a federal court is something less than that of convicted felons (see *Owens* v. *Haas*, 601 F.2d 1242 (2d Cir. 1980), *cert. denied*, 444 U.S. 940 (1979).

In *Standard Oil, (supra)*, this Court found authority to proceed "even though Congress has not acted affirmatively about the specific question." 332 U.S. at 307. *See*, also, *United States* v. *Kimbell Foods, Inc.*, 440 U.S. 715 (1979), *United States* v. *Little Lake Misere Land Co.*, 412 U.S. 580, 591 593-94 (1973). Indeed, almost by definition, nearly all of the cases establishing federal common law have proceeded in the absence of particularized legislation.

Evidence of federal concern can be found in legislation which provides for re-employment of returning veterans [38 U.S.C. § 2021 (1976)], and for compensation for a serviceman's death or injury in both peace and wartime [38 U.S.C. § 310 *et seq.* (1976)].[6]

6 The federal fiscal interest in servicemen's welfare is increased by the eligibility of disabled servicemen for supplemental security benefits. 42 U.S.C. § 1381, *et seq.*; *Id.* § 1395, *et seq.*; and *Id.* § 423, *et seq.*

Chief Judge Feinberg's dissent in the Court of Appeals properly pointed out that any "conflict" between federal policies was more apparent than real:

> "The United States has a clear interest in the protection of its soldiers from harm caused by defective war material. What other interests does the United States arguably have that might conflict with this clear interest?" 635 F.2d at 998.

Analyzing that question and considering such matters as the interest of the government in ensuring that its contractors get a fair hearing, the only other interest of the government in the defense contractors he discerned was that they not be driven to bankruptcy by a large verdict, an untoward result clearly within the equity jurisdiction of the federal courts to prevent, and an issue both speculative and remote at the moment.

Hence, Judge Feinberg argued:

> "The conclusion seems inescapable to me that the United States' interest in the 'welfare' of defendants cannot approach, either in magnitude or in quality, its interest in the welfare of the Agent Orange plaintiffs. In short, in the case before us the paramount interests of the United States are in the welfare of its veterans and in their fair and uniform treatment." 635 F.2d at 998.

Even accepting, *arguendo*, their determination that the "Agent Orange" cases create a conflict among federal policies that should properly be resolved by Congress,[7] by this holding, Judges Kearse and Van Graafeiland leave to the fifty states courts with their myriad rules of decision the role which they would assign to Congress. The result of the majority holding is anomalous to its rationale, since the effect of this mandate is to relegate the resolution of competing federal interests to *state law*.

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7 Thus stated, the formulation of the Court of Appeals suffers from one further practical problem: Congress has not acted (if it should), but the case is actually before the courts.

Thus, the majority opinion contains two serious errors which call for correction by this Court:

1. Federal prisoners have more rights than United States soldiers.

2. State courts, but not federal courts, are empowered to "strike the balance between the conflicting interests of the veterans and the contractors, and thereby identify federal policy".

How state law became an appropriate vehicle for the resolution of conflicting federal interests was never explained by the Court of Appeals. However, the notion that the majority decision has relegated all the soldier-veterans and their familes to the inconsistent results of local state laws is itself an illusion. This is so because, according to the defendant war contractors, the claims of all soldier-veterans in at least twenty states will be barred by Statutes of Limitations, so that the ultimate effect of the ruling of Judges Kearse and Van Graafeiland is to close and lock the doors to the courthouses for all time to more than 600,000 veterans and perhaps even to their widows and deformed children.

The fact is that the veterans who petition this Court were called by the federal government of the United States to fight in an unpopular war thousands of miles away from home. While in Southeast Asia, they were exposed to contaminated phenoxy herbicides sold to the federal government by the stateless, multi-national defendant war contractors. It was the federal government that was victimized by the sale. Similarly, it is the federal government that had the non-delegable duty to prevent interference by third parties with its relationship with its soldiers and to protect them (whether conscripts or volunteers) from unnecessary harm. That is the correlative of its right to command their service and their loyalty.

CONCLUSION

Federalism is not an issue. There is no conceivable state interest in the resolution of the claims of the plaintiff veterans and their families against the corporate defendant war contractors that outweighs the interest of the federal government or even seriously contends with it. The question is entirely federal. The Agent Orange litigation arises out of the mass toxic tort committed by a number of stateless, multi-national, conglomerate chemical companies against the more than two million American servicemen and women who served in Southeast Asia from 1962 through 1971.

It is impossible to ignore the unwieldiness and impracticality of utilizing state choice of laws rules to decide the "Agent Orange" cases, in which plaintiffs from each of the fifty states are suing multi-national conglomerate companies incorporated in several states and maintaining principal places of business in still other states. Choice of law doctrine today is heavily tied to state interest analysis and under the rule propounded by Judges Kearse and Van Graafeiland will require that Courts in each of the fifty states attempt to work out a balance of state interests. It requires no profound power of prophecy to realize that such a venture is doomed to failure. By abdicating jurisdiction of the "Agent Orange" cases as a "federal question," and turning them over to state law, substantial federal interests will be subjected to an irrational mix of choice of law decisions resembling not so much "choice" as chance: a national "choice-of-law" lottery. If this be the price of federalism, then the Viet Nam combat veterans are entitled to know why they have been singled out and compelled to pay so high a price.

The plaintiff veterans were conscripted from all the fifty states of this Union to serve in Southeast Asia. They were in Vietnam by federal command. The deadly dioxin which contaminated the phenoxy herbicides manufactured by the defendants was shipped to Vietnam under government contract.

They were poisoned by phenoxy herbicides contaminated with 2,3,7,8-tetrachloro dibenzo *p*-dioxin (TCDD or "Dioxin")—one of the most toxic poisons ever created by man.

Thousands of these soldiers—now veterans—are suffering and dying. Many have cancer, while others are the fathers of horribly deformed children.

The "Agent Orange" cases are as federal as the United States Constitution. Their genesis is the Viet Nam war, a federal military expedition made possible only by Article I, Section 8, of the United States Constitution and a host of federal statutes governing military operations and defense production; statutes which enable the federal government to raise and support armies, regulate the land, naval, and air forces, and to provide for the common defense of this nation. All of which powers are exclusively reserved to the federal government, not to individual states.[8]

The outcome of the Agent Orange litigation is important to the national defense and security.

The problems raised by the "Agent Orange" cases are of international concern, multi-state in dimension, and uniquely federal in character.

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8 The authority for federal common law jurisdiction in this case is twofold. Article 1, Section 8 of the Constitution gives Congress the power to establish and maintain a military. The ability to make laws concerning the protection of servicemen is a necessary adjunct of this power:

> "For, as the Federal Government has the exclusive power to establish and define the relationship [between itself and its soldiers] by virtue of its military and other powers, equally clearly it has power in execution of the same function to protect the relationship once formed from harms inflicted by others." *United States* v. *Standard Oil Co.*, 332 U.S. 301, 306 (1947).

Similarly, the power to execute jurisdiction at all in cases imbued with the federal interest implies the authority to fashion rules of decision appropriate to that function. The application of state law so displaces legitimate federal interests that the right to employ federal law is necessarily granted.

The decision of this Court will define the rights, duties, and, inevitably, alter the future course of the lives of more than two million young Americans who gave their oath, and in some cases their lives, in defense of this nation.

A decision of this Court that the "Agent Orange" cases are indeed "federal questions" will assure that a uniform standard of liability and duty of care will affect war contractors wherever they design and produce war materiel, and wherever that materiel may be used.

"Federal question" jurisdiction will define the duty of a war contractor to warn the government of the risks associated with the use of chemical products supplied under government contracts.

The complex issues of plaintiffs' rights and defendants' liability cannot be left for determination to the vagaries and uncertainties of state tort law and local choice of law rules. The interstate "choice-of-law" system cannot resolve problems or issues which are inherently federal in nature.

Where millions of soldiers were exposed to an unsafe weapon of war and sustained serious, permanent, and irreparable injuries; and where thousands of those soldiers now carry within their bodies, like a ticking, toxic time-bomb, the cells which may break out into virulently malignant, rapidly metastasizing neoplastic disease or be visited upon their children as catastrophic polygenetic birth defects, then indeed the plight of the plaintiff veterans and their families becomes a matter of singular Federal interest.

A government, moreover, cannot think of safe equipment in terms of the battle it is about to wage, but of those battles yet to be fought in conflicts not yet joined. The continuing interest on the part of the Federal Government in equipment safety—past, present, and future—lies at the very heart of its ability to raise an army and secure and defend its people.

Indeed, so compelling is the federal interest in the "Agent Orange" cases that if there were no established doctrine of

federal common law, this case would demand that it be fashioned and enunciated by the Courts.

Wherefore, the plaintiff veterans and their families pray that this court grant their petition for certiorari to the Second Circuit Court of Appeals United States Supreme Court all together with such other and further relief as to this Court shall seem just and proper under the circumstances.

Respectfully submitted,

VICTOR JOHN YANNACONE, JR.
(Counsel of Record for Petitioners)
ALBERT J. FIORELLA
IRVING LIKE
EDWARD F. HAYES, III
YANNACONE & ASSOCIATES
Post Office Drawer #109
Patchogue, New York 11772
(516) 654-2299

Counsel for Petitioners

Opinion of the District Court
Dated November 20,1979

UNITED STATES DISTRICT COURT

EASTERN DISTRICT OF NEW YORK

MDL NO. 381 (ALL CASES)

IN RE

"AGENT ORANGE"

PRODUCT LIABILITY LITIGATION

Claiming to be the harbinger of thousands of similar claims, plaintiff veterans and members of their families seek relief because of injuries claimed to have been sustained from use by the military in Vietnam of "Agent Orange", a defoliant chemical referred to for convenience as 2, 4, 5-T, which defendants manufactured and sold to the government.

For the second time in the nine month history of this MDL litigation, lead counsel for plaintiffs[1] has filed a re-amended complaint after oral argument on defendants' motion to dismiss a prior amended complaint. While properly criticizing plaintiffs' disregard for the filing requirements of the Federal Rules of Civil Procedure, all defendants indicate, by letter dated October 23, 1979, that they are "prepared to accept service of the TAVC [third amended verified complaint] in *Chapman v. Dow, et al,* * * *." Furthermore, defendants have signed a consent to the TAVC and agreed that:

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1 Not intended to be included in the term "plaintiffs" are those in any case filed on or after October 3, 1979 or in *Kahler v. Dow*, 79 C 922.

> [T]o avoid further delay arising from the necessity for a new motion addressed to the TAVC, we would ask the Court to deem our motion with respect to the SAVC [second amended verified complaint] as having been made with respect to the TAVC. We do not contemplate, however, that any further briefing will be required with respect to our motion.

Accordingly, defendants' motion to dismiss or strike the SAVC in whole or in part, a motion argued to the court on October 3, 1979, is deemed directed against the TAVC filed October 22, 1979. For reasons set forth below, defendants' motion to dismiss for lack of subject matter jurisdiction is denied, as is defendants' motion to dismiss or strike various allegations of the complaint.

MOTION TO DISMISS FOR LACK OF SUBJECT MATTER JURISDICTION

The TAVC alleges two bases for jurisdiction: (1) the "equitable jurisdiction" of the federal courts; and (2) "federal question" jurisdiction under 28 USC § 1331.

The first basis is without merit. Federal courts have no independent "equity jurisdiction"; they may grant equitable relief, but not unless there is an independent statutory basis for federal jurisdiction, which is conferred only by specific congressional enactment. *See* 7 Moore, *Federal Practice*, ¶ 65.03[2.] (1979).

The second basis, federal question jurisdiction under 28 USC § 1331, is alleged to arise under "the common law and/or the statutory laws of the United States of America." The court will first consider whether a private cause of action may be implied from statutory law, and then will turn to plaintiffs' claims under federal common law.

Implied Causes of Action Under Federal Statutes

The TAVC lists four statutes "from which a cause of action can be implied": the Federal Insecticide, Fungicide and Roden-

ticide Act (FIFRA), 7 USC §§ 135-135k; the Federal Environmental Pesticide Control Act (FEPCA), 7 USC §§ 136-136y; the Toxic Substances Control Act (TOSCA), 15 USC §§ 2601 *et seq.*; and the Consumer Product Safety Act (CPSA), 15 USC §§ 2051 *et seq.*

The federal statute regulating herbicides, including defoliants such as 2, 4, 5-T, is FIFRA. Before 1972, FIFRA regulated "economic poisons", which were defined to include: "any substance or mixture of substances intended for use as a plant regulator, defoliant, or dessicant." 7 USC § 135(a)(2). In 1972, Congress amended FIFRA by enacting the Federal Environmental Pesticide Control Act (FEPCA).[2] FEPCA regulates "pesticides", which are similarly defined to include "any substance or mixture of substances intended for use as a plant regulator, defoliant, or dessicant * * *." 7 USC § 136(u). Thus, FIFRA, as amended by FEPCA, treats defoliants as "pesticides", which has led the parties to refer to 2, 4, 5-T as a pesticide, and leads the court to do likewise, although common usage would undoubtedly categorize 2, 4, 5-T and other defoliants as herbicides, not pesticides.

Because of FIFRA, the other two statutes under which plaintiffs ask the court to imply a private right of action, TOSCA and CPSA, are inapplicable to this litigation. TOSCA, enacted in 1977, regulates "chemical substances". However, "Such term does not include * * * any pesticide (as defined in the Federal Insecticide, Fungicide, and Rodenticide Act) when manufactured, processed or distributed in commerce for use as a pesticide * * *." 15 USC § 2602(2)(B)(ii). CPSA, enacted in 1976, regulates, "consumer products". However, "such term does not include * * * pesticides (as defined by the Federal Insecticide, Fungicide, and Rodenticide Act) * * *." 15 USC § 2052(a)(1)(D). TOSCA and CPSA clearly exclude FIFRA pesticides from coverage. Since FIFRA pesiticides include

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2 Plaintiffs incorrectly treat FEPCA as a statute separate and apart from FIFRA. As stated in the text, FEPCA is an amendment to FIFRA, and thus is properly cited under the statute (FIFRA) which it amends.

defoliants such as 2, 4, 5-T, TOSCA and CPSA are patently inapplicable to this case.

This leaves plaintiffs with only FIFRA, as amended by FEPCA, on which to base an implied private right of action. Plaintiffs' argument is set forth succinctly in their memorandum opposing defendants' motion to dismiss (plaintiffs' memorandum):

> While federal pesticide legislation [*viz.* FIFRA] does not specifically provide civil remedies for the plaintiff veterans and their families, nevertheless, it is manifest that such laws establish regulatory schemes within the context of which it is intended that a remedy be fashioned by the Courts.
>
> Plaintiffs' memorandum at 22.

Plaintiffs cite no legislative history and offer no detailed statutory interpretation to support their argument, resting instead on the "legislative purpose" and "broad federal policy" said to underlie federal legislation concerned with toxic chemicals.

The test for implying a private cause of action under a federal statute is set forth in the leading case of *Cort v. Ash*, 422 US 66 (1975):

> In determining whether a private remedy is implicit in a statute not expressly providing one, several factors are relevant. First, is the plaintiff "one of the class for whose *especial* benefit the statute was enacted," [citation omitted, emphasis supplied by the Supreme Court] that is, does the statute create a federal right in favor of the plaintiff? Second, is there any indication of legislative intent, explicit or implicit, either to create such a remedy or to deny one? [citation omitted]. Third, is it consistent with the underlying purposes of the legislative scheme to imply such a remedy for the plaintiff? [citations omitted]. And finally, is the cause of action one traditionally relegated to state law, in an area basically the concern of the States, so that it would be inappropriate to infer a cause of action based solely on federal law?
>
> *Id.* at 78.

Here, the plaintiffs qualify under the first part of the *Cort v. Ash* test, as persons meant to be protected by FIFRA. However, plaintiffs fail the next part of the test, since there is clear indication that Congress intended not to allow suits by private citizens under FIFRA:

> While it is true that nowhere on the face of the statute is it stated that the enforcement powers of the administrator of the EPA or the Attorney General are or should be exclusive, the legislative history of the statute in question clearly indicates that Congress considered and rejected on more than one occasion proposed amendments which would have provided for citizens' civil actions to enjoin violations. * * *
>
> We recognize that changes in a statute in the course of enactment must be observed with caution in determining legislative intent. However, rejection of specific provisions is in our view more significant, may be properly considered and is more persuasive in the circumstances here found. [citations omitted]. Thus, the Congressional intent to us at least is clear enough: Enforcement of FIFRA is reserved by Congress to the Environmental Protection Agency and to the Office of the Attorney General, and violations thereof are not the proper subject of civil actions by citizens.
>
> *People For Environmental Progress v. Leisz*, 373 F Supp 589, 592 (CD Cal 1974)

See also Kelly v. Butz, 404 F Supp 925 (WD Mich 1975), upholding the standing of a state attorney general to bring suit under FIFRA, but noting that "the Court is convinced from its review of the authorities that there are significant manifestations of a legislative intent to exclude suits by private citizens under the statute." *Id.* at 940.

Recognizing the force of these cases, plaintiffs would distinguish them away:

> Each of these cases was properly brought in the Federal District Court because of its jurisdiction over enforcement

> of the federal pesticide laws. The fact that the courts denied the plaintiffs therein standing to enforce the provisions of those laws is immaterial here, because in none of these cases was there a claim similar to that brought by the plaintiff veterans and their families in this case. The "Agent Orange" cases are unique on their facts and hopefully, as was the case with thalidomide, not likely to occur again.
>
> Plaintiff's memorandum at 23.

Plaintiffs' argument reduces to a claim that the large number of potential claims and the unique circumstances surrounding this litigation justify implying a private cause of action under federal pesticide legislation. But the number of claims and the nature of the injuries, unique as they may be, are not proper factors to be considered under the *Cort v. Ash* test, which focuses on Congressional intent and displacement of state law.

Moreover, under each of the federal pesticide statutes, Congress provided explicitly for suits by the EPA administrator to protect the public interest. The circumstances underlying the instant litigation, involving large numbers of claims arising from widespread exposure to toxic chemicals, seem more likely to generate a suit by public officials, such as the EPA administrator, and thus, if anything, present a less compelling case for implying private causes of action than smaller cases involving fewer plaintiffs and more limited exposure. The court concludes that a private cause of action should not be read into FIFRA, or any other toxic chemical statute, and that plaintiffs' claims asserted thereunder must be dismissed.[3]

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3 *Gonzalez v. Virginia-Carolina Chemical Co.*, 239 F Supp 567 (EDSC 1965), a case relied on by plaintiffs, is not to the contrary. *Gonzalez* was a diversity case involving negligence claims against a pesticide manufacturer. The *Gonzalez* court held that defendant, by failing to attach proper labels, had violated the terms of FIFRA, and thus was negligent *per se* under South Carolina law. *Gonzalez* did not suggest, much less hold, that plaintiff had a cause of action directly under FIFRA, itself, which would independently support federal jurisdiction.

Jurisdiction Under Federal Common Law

Paragraph 3 of the TAVC alleges that "the corporate defendants have violated the common law * * * of the United States * * *." Recognizing that application of federal common law is the exception rather than the rule, plaintiffs' memorandum sets forth in some detail the argument for applying federal common law in this litigation.

According to plaintiffs, the governing standard is that of *Clearfield Trust Co. v. United States*, 318 US 363 (1943), which according to plaintiffs applies federal common law:

> 1. Where the question at bar is one arising from or bearing upon a federal program or affecting a federal interest;
>
> 2. Where a federal interest would be subjected to uncertainty by application of disparate state rules; or
>
> 3. Where federal interests can best be effectuated by the adoption of a uniform federal rule.
>
> Plaintiffs' memorandum at 8.

To satisfy the first prong of the *Clearfield* standard, plaintiffs, relying on *United States v. Standard Oil Co.*, 332 US 301 (1974), argue that:

> Since the claims of the plaintiff veterans and their families arise out of the defendants' activities in that significant federal enterprise known as the Viet Nam war, it is hard to conceive of any claim which more clearly involves substantial federal interest and which more clearly satisfies the jurisdiction requirement of 28 U.S.C. § 1331(a).
>
> Plaintiffs' memorandum at 9-10.

Plaintiffs note that the outcome of this litigation may affect claims for "service-related" benefits from the Veterans Administration. Plaintiffs add that federal interests are implicated because "the corporate defendants acted as war contractors to the U.S. government pursuant to federal procurement laws administered by the Department of Defense." Plaintiffs' memorandum at 10.

To satisfy the second prong of the *Clearfield* standard, plaintiffs note that the states have different statutes of limitations, and different rules governing liability for defective products, differences which might "lead to contrary and even contradictory results among the individual cases", a result deemed "intolerable" by *Clearfield*. Plaintiffs' memorandum at 13.

To satisfy the third and final prong of the *Clearfield* standard, plaintiffs list various questions presented by this litigation which should, they say, be governed by a uniform federal rule:

> How are soldiers of the United States to be compensated for toxic torts inflicted by multi-national conglomerate corporations? How are principles of "fitness" and "safety" to be applied to the paraphernalia of the battle field? In the absence of statutory direction, how are the policies enunciated in federal pesticide and toxic substances legislation to be effectuated?
>
> Plaintiffs' memorandum at 15.

According to plaintiffs, each of these questions implicates federal interests, and should be answered under uniform federal standards.

Defendants disagree. To begin, defendants dispute the applicability of *Clearfield*, which sets forth the standard for applying federal common law only when the United States is a party to the litigation. Here, the government is not a party, and defendants insist that the governing rule is supplied instead by other cases, such as *Miree v. DeKalb County*, 433 US 25 (1977) and *Wallis v. Pan American Petroleum Corp.*, 384 US 63 (1966).

Defendants further contend that, even if *Clearfield* governs, plaintiffs fail to meet any of its three standards. First, according to defendants, "no federal interest will be impaired by the application of state law to what are, in essence, claims for personal injury." Defendants' reply memorandum at 2. Although the litigation does involve soldiers and war contractors,

> Claims for personal injury by American servicemen against manufacturers that allegedly harmed them by selling defective products to the military have, in the past, been governed by state law. *See e.g., Whitaker v. Harvell-Kilgore Corp.*, 418 F.2d 1010 (5th Cir. 1969); *Boeing Airplane Co. v. Brown*, 291 F.2d 310 (9th Cir. 1961); *Adams v. General Dynamics Corp.*, 405 F. Supp. 1020 (ND Cal 1975), *affirmed*, 535 F.2d 489 (9th Cir. 1976).
>
> *Id.* at 3.

As for the alleged federal interest in compensating injured soldiers, defendants urge that "there already exists a statutory scheme that is designed to accomplish just this result. *See* 38 USC §§ 310 *et seq.*" *Id.* at 3-4. And the rights and liabilities of the United States, itself, are not directly involved in this litigation, since plaintiffs "have chosen not to bring this action against the United States." *Id.* at 4. Thus, according to defendants, plaintiffs have failed to carry their burden of showing a substantial federal interest involved in this litigation.

Furthermore, according to defendants, plaintiffs fail to show that this litigation will affect "a federal program" concerned with regulation of toxic substances. Even if disparate state laws were applied, "differing judgments rendered on plaintiffs' damage claims because of supposedly differing state tort laws [footnote omitted] will simply have no effect upon the outcome of the EPA's administration of the present version of FIFRA." Defendants' reply memorandum at 7.

Finally, defendants argue that the failure of plaintiffs to show how this litigation would impair a federal interest or a federal program disposes of the second and third branches of the *Clearfield* test, since no federal interest "would be subjected to uncertainty by application of disparate state rules" or would "best be effectuated by the adoption of a uniform federal rule." Thus, defendants urge, plaintiffs have failed in every respect to justify application of federal common law to this litigation.

There is merit to many of defendants' contentions. The test for applying federal common law in suits between private

parties is that of *Miree* and *Wallis*, not *Clearfield*; under *Miree* and *Wallis*, suits by soldiers against war contractors do not necessarily implicate federal programs or substantial federal interests; and the federal interest in compensating soldiers for service-related injuries is the object of an existing statutory scheme, 38 USC §§ 310 *et seq*. However, for reasons discussed below, the court concludes that this litigation does, nonetheless, affect substantial federal interests, and that federal common law must be applied.

Analysis must begin with *Miree v. DeKalb County*, 433 US 25 (1977), in which the Supreme Court explained the limited grounds for applying federal common law in a suit between private parties. *Miree* was a diversity suit with plaintiffs seeking recovery under state law as third party beneficiaries to a contract between defendant and the Federal Aviation Administration (FAA). After its panel applied state laws, the Fifth Circuit *en banc* reversed, finding that a third party beneficiary's right to sue should be determined under federal common law. The Supreme Court reversed once again, concluding that state law, not federal common law, applied.

Writing for the Court, Mr. Justice Rehnquist began by noting that the United States was not a party to the suit, and that "the resolution of petitioner's breach of contract claim against respondent will have no direct effect upon the United States or its treasury." 433 US at 29. For this reason, the solicitor general waived his right to participate in the appeal.

Not only was there no direct federal financial interest, but there was also no federal program threatened by the litigation:

> The operations of the United States in connection with FAA grants such as these are undoubtedly of considerable magnitude. However, we see no reason for concluding that these operations would be burdened or subjected to uncertainty by variant state-law interpretations regarding whether those with whom the United States contracts might be sued by third-party beneficiaries to the contracts. Since only the rights of private litigants are at issue here, we find the *Clearfield* trust rationale inapplicable.
>
> *Id.* at 30.

The court quoted from an earlier case, *Wallis v. Pan American Petroleum Corp.*, 384 US 63, 68 (1966), which had discussed "the nature of a federal interest sufficient to bring forth the application of federal common law":

> In deciding whether rules of federal common law should be fashioned, normally the guiding principle is that a *significant conflict between some federal policy or interest and the use of state law in the premises must first be specifically shown.* It is by no means enough that, as we may assume, Congress could under the Constitution readily enact a complete code of law governing transactions in federal mineral leases among private parties. Whether latent federal power should be exercised to displace state law is primarily a decision for Congress.
>
> *Miree* at 31-32 (emphasis added by the Supreme Court).

The *Miree* court concluded that with respect to an airplane crash caused by birds flying over a dump established near an airport in violation of an agreement with the Federal Aviation Administration, there was no significant conflict between federal policy and state law, and that "any federal interest in the outcome of the question before us 'is far too speculative, far too remote a possibility to justify the application of federal law to transactions essentially of local concern.' [citation omitted]". *Id.* at 32-33.

Scrutiny of *Miree* reveals several different formulations of the standard that governs application of federal common law in a suit between private parties having "no direct effect upon the United States or its treasury". Federal common law might be applied when federal programs or operations "would be burdened or subjected to uncertainty by variant state-law interpretations", 433 US at 30; or when there is "a significant conflict between some federal policy or interest and the use of state law in the premises", *id.* at 31, quoting *Wallis;* or when "substantial rights or duties of the United States hinge on [the suit's] outcome." *Id.* And in his concurrence, Chief Justice Burger suggests that federal common law might be applied:

> where the rights and obligations of private parties are so dependent on a specific exercise of Congressional regula-

> tory power that "the Constitution or acts of Congress 'require' otherwise than that state law govern of its own force." [citation omitted].
>
> Once it has been determined that it would be inappropriate to apply state law and that federal law must govern, "the inevitable incompleteness presented by all legislation means that interstitial federal law making is a basic responsibility of the federal courts." [citation omitted].
>
> *Id.* at 34-35.

Thus, *Miree* formulates in various ways the standard that governs application of federal common law. One point, however, is clear: federal common law is to be the exception not the rule, and the question of "whether to displace state law * * * is primarily a decision for Congress." *Id.* at 32.

Analyzing the law after *Miree*, the Fifth Circuit has provided a helpful synthesis of the principles governing application of federal common law developed in Supreme Court cases:

> Together these cases produce a balancing test. *See generally* Comment, "Adopting State Law As The Federal Rule of Decision: A Proposed Test," 43 U. Chi. L.Rev. 799 (1976). On one side is the federal interest in carrying out a program in the most efficient and effective manner possible. On the other is a state's interest in the preservation of its control over local interests, particularly traditional interests such as family law and real property transactions, and in preventing displacement of state law. Of course, the ultimate goal of the creation of federal law by the courts is to carry out the federal program in question. [citations omitted]. Thus, if state law would actually frustrate rather than only hinder a federal program, federal common law *must* be applied regardless of state interests [citation omitted]. On the other hand, the Supreme Court has demonstrated a growing desire to minimize displacement of state law. *See Miree v. DeKalb County, [supra]*.
>
> *Georgia Power Co. v. 54.20 Acres of Land*, 563 F2d 1178, 1189 (CA5),*cert. denied* —US—, 99 SCt 1213 (Feb. 21, 1979).

As is clear from the Fifth Circuit's analysis and from the Supreme Court cases discussed above, courts have not yet developed a precise standard to govern application of federal common law in suits between private parties. However, the precedents and the parties seem to agree that at least three factors are crucial to applicability of federal common law under any test: (1) the existence of a substantial federal interest in the outcome of a litigation; (2) the effect on this federal interest should state law be applied; and (3) the effect on state interests should state law be displaced by federal common law. Accordingly, the court will consider how each of these factors might affect the application of federal common law in this litigation.

Federal Interests

There are substantial federal interests at stake in these lawsuits. As pointed out in *United States v. Standard Oil Co.*, 332 US 301, 305-306 (1947):

> Perhaps no relation between the Government and a citizen is more distinctively federal in character than that between it and members of its armed forces. To whatever extent state law may apply to govern the relations between soldiers or others in the armed forces and persons outside them or non-federal governmental agencies, the scope, nature, legal incidence and consequences of the relation between persons in service and the government are fundamentally derived from federal sources and governed by federal authority [citations omitted]. So also we think are interferences with that relationship such as the facts of this case involve. For, as the Federal Government has the exclusive power to establish and define the relationship by virtue of its military and other powers [footnote omitted] equally clearly it has power in execution of the same functions to protect the relation once formed from harms inflicted by others. [footnote omitted].

Soldiers serving in the armed forces are government charges, entitled to government protection. Torts committed by war

contractors against soldiers in action constitute "harms inflicted" on the soldiers and "interference" with the relationship between soldiers and the government. Such harms and interferences implicate federal interests identified in *Standard Oil*.

Defendants argue that 38 USC § 310 *et seq.* gives sufficient federal protection to veterans injured in active service. However, 38 USC § 310 *et seq.*, insofar as it may apply,[4] furnishes limited monthly benefits which may not fully compensate plaintiffs for the serious injuries alleged in the complaint. Nor does 38 USC § 310 *et seq.* provide compensation to veteran's spouses, or their children who are alleged to have suffered genetic damage due to defendants' activities. The limited nature of compensation provided by 38 USC § 310 *et seq.* makes it an insufficient guardian of the rights at stake in this litigation, *viz.* the rights of soldiers to be protected from "harms inflicted by others" and to be compensated for harms already inflicted. The existence and extent of these contested rights necessarily are intertwined with the relationship between government and soldier and thereby implicate federal interests.

Nor is the federal interest in this litigation confined to the rights of soldiers; it includes as well the rights of the war contractors. The government has an interest in the liability of war contractors to soldiers, since the extent of a contractor's liability may, undoubtedly will, affect future dealings between the contractor and the government. In *Miree*, the Supreme Court discounted the effect that third-party suits might have on relations between the FAA and its contractors:

> [W]e see no reason for concluding that these operations would be burdened or subjected to uncertainty by variant state-law interpretations regarding whether those with whom the United States contracts might be sued by third-party beneficiaries to the contracts.
>
> 433 US at 30.

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4 38 USC § 310 *et seq.* compensates for service-related injuries. Whether Agent Orange injuries are service-related appears to be the subject of separate litigation. *White v. Cleland*, Civil Action No. 79-1426 (DDC, filed May 31, 1979).

However, suits by civilian third-party beneficiaries to FAA contracts with municipalities for injuries received in a private plane crash are quite different from product liability suits by soldiers against government war contractors for injuries received while serving in the armed forces. FAA relations with municipalities would be only slightly disrupted by sporadic third party suits seeking to enforce diverse contractual provisions. In contrast, government relations with war contractors might well be drastically altered by changes in the rules governing liability of war contractors to soldiers for injuries caused by inherently "dangerous" war materials.[5]

This does not mean that there is a *substantial* federal interest in every product liability suit brought by a veteran against a government war contractor. A lone veteran suing the supplier of a single piece of defective military machinery would implicate only a minimal federal interest. Such were the facts in *Whitaker v. Harvell-Kilgore Corp., supra; Boeing Airplane Co. v. Brown, supra;* and *Adams v. General Dynamics Corp., supra,* cases cited by defendants in each of which state law was

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5 Speculative federal interests in the obligations of war contractors are numerous. War contractors might be expected to increase the price of war materials to correspond to any extension in their potential liability. Such adjustments might have a significant effect on the federal treasury. If potential liability increased dramatically, future war contractors might attach conditions to the use of their products, or balk at supplying the military with any products whatsoever. Thus, the government's military capabilities might be affected by this litigation. Finally, the importance of large government war contractors to the national economy might implicate a federal interest. Defendants are five of the nation's largest chemical manufacturers, facing aggregate claims which may eventually amount to billions of dollars. Defendants note that:

> plaintiffs do not have the temerity to argue that the aggregate claims of the purported class exceed the total assets of the five named defendants. Such an argument would be ludicrous on its face.
>
> Dow's Memorandum in Opposition to Class Certification at 20.

But, with such large corporations, the sudden onset of substantial liabilities, even if they fell far short of defendants' total assets, might well affect federal interests, as shown by the recent events involving the federal government and the Chrysler Corporation.

applied to a tort claim brought by a veteran against the supplier of explosives or airplanes. But this litigation, in contrast, involves suits by many veterans against five war contractors who supplied a product used for some nine years in military operations across large portions of Vietnam. The estimated number of involved veterans ranges from thousands to millions, and the estimated potential liability of the five war contractors ranges from millions to billions of dollars. As the number of veterans and the size of the claims against the war contractors increase so the federal interest in this litigation expands.[6]

Effect on Federal Interests Should State Law Be Applied

If this litigation were governed by state law, different state laws would be applied to essentially similar claims by Vietnam veterans and their families against the five defendant war contractors. As plaintiffs' remark,

> There is, of course, no uniformity of product liability law throughout the 50 states absent this Court's application of the federal common law. Were the corporate defendants to have their way, each of the plaintiffs would be relegated to some local notion of "products liability". Necessarily, this would lead to contrary and even contradictory results among the individual cases. In the end, a granting of defendants' Motion would lead to the spectre of young servicemen who fought a difficult war shoulder-to-shoulder and who were exposed to virtually identical risks coming home to widely varying systems of compensation for their injuries under different systems of jurisprudence

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6 The number of veterans and the size of their claims involved in this litigation implicate substantial federal interests in the rights of veterans. However, the unprecedented number and size of the claims also suggest more speculative, but nonetheless vital, federal interests. The number of veterans potentially involved in this litigation may suffice to raise broad questions about the conduct of military operations which a single veteran plaintiff might not have standing to raise. The resolution, and indeed the cognizability, of such questions implicate significant federal interests, to say the least.

> and before disparate forums. Such a result was deemed intolerable in *Clearfield Trust Co. v. United States* and in *United States v. Standard Oil Co.* and it should be deemed intolerable in the "Agent Orange" cases.
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> Plaintiffs' memorandum at 13.

Application of varying state laws would burden federal interests by creating uncertainty as to the rights of both veterans and war contractors. It would also be unfair in that essentially similar claims, involving veterans and war contractors identically situated in all relevant respects, would be treated differently under different state laws. An extreme example would be the application of different state statutes of limitation to claims by veterans who were injured together in Vietnam, but who lived in different states before or after service. The court concludes that application of state law in this litigation would burden substantial federal interests.[7]

Effect on State Interests Should State Law Be Displaced By Federal Common Law

As noted by the Fifth Circuit in *Georgia Power Co. v. 54.20 Acres of Land, supra*, 563 F2d at 1189, "[T]he Supreme Court has demonstrated a growing desire to minimize displacement of state law." This desire is evident in *Miree v. DeKalb, supra*, 433 US at 32, where the Supreme Court emphasized that "the issue of whether to displace state law on an issue such as this is primarily a decision for Congress." The courts have been especially reluctant to apply federal common law to matters of essentially local concern that are usually governed by well-developed principles of state law. Tort claims are traditionally

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7 It might also be argued that unequal treatment of plaintiff veterans implicates peculiarly federal interests, and unequal treatment of any person, of course, raises questions of justice to which federal courts are sensitive. Presumably, state courts are equally sensitive to claims of inequality and unfairness, but their viewpoints are localized, not national. However, it is the identity of the parties (veterans and war contractors), not merely their numbers, which makes equality of treatment a peculiarly federal concern in this litigation.

matters for state law, which has developed comprehensive substantive and procedural rules to govern them. According to defendants, it would be improper to hold in this litigation "that state law be displaced by an unprecedented federal common law of products liability * * *." Defendants' reply memorandum at 2.

But negligence and strict product liability claims in this litigation do not fall under the developed body of state tort law.[8] State tort law has not yet evolved rules to govern the duties of federal war contractors to federal soldiers. True, state law has been occasionally applied to claims by veterans against war contractors. *Whitaker v. Harvell-Kilgore Corp.*, *Boeing Airplane Co. v. Brown*, and *Adams v. General Dynamics Corp.*, *supra*. But those suits were by individual soldiers and dealt with claims of manufacturing defects in airplanes and explosives, objectives whose misuse is frequently regulated by state tort law. In contrast, this litigation involves defoliants and other toxic chemicals, whose use and misuse is increasingly governed by federal law; comprehensive federal legislation has in large part taken these products out of the domain of state regulation; injuries to large numbers of veterans are claimed to have been incurred while overseas in a combat area; and the injuries themselves are claimed to be an inevitable consequence of the federal government's use of defendants' products.

In sum, state law has not considered the complex question of a war contractor's liability to soldiers injured by toxic chemicals subject to federal regulation while engaged in combat and serving abroad. Because state law is no more or less developed as to such claims than federal common law, application of federal common law thereto would not significantly displace state law.

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8 The TAVC alleges causes of action not only in negligence and strict product liability, but under theories of breach of warranty, intentional tort, equity, and nuisance. Because the focus of the litigation appears to be negligence and strict product liability, only these claims have been considered for application of federal common law. At this point, it is unnecessary to decide whether the other claims should be governed by federal common law, or rather should be treated as pendent state law claims.

It appears, then, that there are significant federal interests in this litigation, that the application here of varying state laws would impair these federal interests, and that application of federal common law would not significantly displace state law. This showing justifies application of federal common law under even the strictest reading of the sometimes enigmatic language of *Miree* and *Wallis*. If, as defendants insist, application of federal common law to mass tort claims is unprecedented, the reason may be that no tort claim has heretofore implicated such significant federal interests involving so many persons in an area so little regulated by state law. This court is satisfied that there is ample justification for application of federal common law for this legislation.

MOTION TO DISMISS OR STRIKE VARIOUS ALLEGATIONS

Defendants move to strike certain claims for relief asserted in the TAVC. Defendants argue that the claims for various forms of declaratory relief and for creation of a trust fund seek relief unavailable from a federal court under current federal law. It may well be that this or any other court ultimately will grant none of the requested relief. However, defendants are not prejudiced by allowing these requests for relief to remain in the TAVC, since defendants have no obligation to admit or deny plaintiffs' requests for relief, which therefore place no pleading burden on defendants. Accordingly, defendants' motion to strike these requests for relief is denied.

Defendants' motion to strike allegations regarding phenoxy herbicides and the corporate history of the defendants is moot, since such allegations have been omitted from the TAVC.

CONCLUSION

Defendants' motion to dismiss or strike the SAVC in whole or in part is deemed, on consent, to be directed against the TAVC. The claims in the TAVC alleged to arise, by implication, under FIFRA, FEPCA, TOSCA, and CPSA are dismissed, and defendants need not respond to paragraph 4 of the TAVC. The claims in the TAVC alleged under federal common law are held to state a claim on which relief can be granted, and to provide a basis for federal jurisdiction under 28 USC § 1331.[9] Accordingly, defendants' motion to dismiss for lack of subject matter jurisdiction is denied, as is defendants' motion to strike or dismiss various allegations of the TAVC.

Defendants shall serve and file their answers to the TAVC, which is no later than 20 days from the date of this memorandum.

Friday, December 21, 1979 at 9:30 a.m. The agenda for this conference shall include (1) a new timetable for resolution of plaintiffs' motion for class certification, and (2) a timetable for discovery on the merits. Any party may suggest other items for the agenda by letter to the court served and filed no later than Friday, December 14, 1979.

SO ORDERED.

Dated: Westbury, New York
November 20, 1979.

GEORGE C. PRATT
U. S. District Judge

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9 The parties, without arguing the point, seem to assume that application of federal common law provides a sufficient basis for federal question jurisdiction under 28 USC § 1331. This assumption is confirmed by *Illinois v. City of Milwaukee*, 406 US 91 (1972). See Wright, *Federal Courts* (3d Ed) at 68.

Opinion of the Court of Appeals
Dated November 24, 1980

UNITED STATES COURT OF APPEALS

FOR THE SECOND CIRCUIT

No. 1069—September Term, 1979

(Argued May 1, 1980 Decided November 24, 1980)

Docket No. 80-7079

In re

"AGENT ORANGE"

Product Liability Litigation

Before:

FEINBERG, *Chief Judge*,
VAN GRAAFEILAND and KEARSE, *Circuit Judges*.

Appeal from an order of the United States District Court for the Eastern District of New York, George C. Pratt, *Judge*, denying defendants' motion to dismiss product liability action for lack of subject matter jurisdiction.

Reversed.

THOMAS E. MOSELEY, JOHN C. SABETTA and LEONARD RIVKIN, New York, N.Y. (Cadwalader, Wickersham & Taft, New York, N.Y., Townley & Updike, New York, N.Y., Clark, Gagliardi & Miller, White Plains, N.Y., Kelley Drye & Warren, New York, N.Y., and Rivkin, Leff & Sherman, Garden City, N.Y., on the brief) *for Defendants-Appellants.*

IRVING LIKE, Babylon, N.Y., and VICTOR JOHN YANNACONE, JR., Patchogue, N.Y. (Edward F. Hayes, III and Malerba, Abruzzo, Clancy, Hayes, Downes & Frankel, Huntington, New York, Reilly & Like, Babylon, N.Y., W. Keith Kavenagh, Bayport, N.Y., Albert J. Fiorella, Mineola, N.Y., Yannacone & Yannacone, Patchogue, N.Y., Paul F. Corcoran, Mineola, N.Y., Aaron D. Twerski, Far Rockaway, N.Y., and Dorothy Thompson and Greenwald & Greenwald, Los Angeles, Cal., on the brief) *for Plaintiffs-Appellees.*

KEARSE, *Circuit Judge:*

This appeal presents the question whether claims asserted by veterans of the United States armed forces against companies which supplied the United States government with chemicals that are alleged to have been contaminated and to have injured the veterans and their families, are governed by federal common law. Defendants-appellants Diamond Shamrock Corporation, Monsanto Company, Thompson-Hayward Chemical Company, Hercules Incorporated and the Dow Chemical Company were the manufacturers of various herbicides including "Agent Orange" (hereinafter collectively referred to as "Agent Orange") for use by the military as defoliants in the Vietnam War. The plaintiffs, veterans of that war and their families, allege that they have sustained various physical injuries by

reason of the veterans' exposure to Agent Orange. Plaintiffs seek redress of those injuries under federal common law, and have invoked the "federal question" jurisdiction of the district court. 28 U.S.C. § 1331(a) (1976). Defendants contest the existence of a federal common law cause of action, and moved below to dismiss for lack of subject matter jurisdiction. The United States District Court for the Eastern District of New York, George C. Pratt, *Judge*, denied their motion. Defendants obtained certification of the jurisdiction issue and took this appeal pursuant to 28 U.S.C. § 1292(b) (1976).[1]

We agree with defendants that there is no federal common law right of action under the circumstances of this litigation. Accordingly, we reverse.

I

The present litigation began in late 1978 and early 1979, when several individual veterans and their families commenced actions in the Northern District of Illinois and the Southern and Eastern Districts of New York, claiming injury from the veterans' exposure to Agent Orange and purporting to represent several classes of injured persons and persons allegedly "at risk" of injury. The plaintiffs in most of these actions were represented by the same attorney, who filed substantially identical complaints in all actions, naming the same defendant manufacturers. By order of the Judicial Panel on Multidistrict Litigation, thirteen such actions, involving thirty named plaintiffs, were transferred to the Eastern District of New York and assigned to Judge Pratt for coordinated or consolidated pretrial proceedings pursuant to 28 U.S.C. § 1407 (1976). Subsequently, additional actions were filed and were transferred to the Eastern District. It appears that there are presently more than 800 named plaintiffs in these proceedings.

After the transfer plaintiffs filed an amended complaint in the action that the district court had designated as the lead

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1 This Court granted defendants' motion for leave to appeal by order dated January 16, 1980.

action for purposes of pretrial proceedings. Defendants moved to dismiss on various grounds, and by opinion dated August 14, 1979, the district court dismissed a number of claims[2] and directed that a new complaint be filed. The second amended complaint was filed on August 20, 1979, asserting causes of action under the federal common law[3] and premising subject matter jurisdiction on 28 U.S.C. § 1331(a).[4] Defendants moved to dismiss for lack of subject matter jurisdiction. The motion was argued on October 3, 1979, and after argument but prior to decision plaintiffs proffered a third amended complaint. Defendants consented to the filing of the new complaint, and the district court, at the urging of the defendants, treated defendants' motion to dismiss as having been made with respect to that complaint. Accordingly, it is the third amended complaint (hereinafter sometimes referred to as the "Complaint") that is before us on this appeal.

A. *The Third Amended Complaint*

The basic thrust of the Complaint is relatively simple: defendants manufactured a phenoxy herbicide, "Agent

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2 These included a claim for injunctive relief against further manufacture of certain herbicides (which, the district court concluded, lay within the primary jurisdiction of the Environmental Protection Agency), as well as claims asserted under 42 U.S.C. § 1983 (1976) and various provisions of the antitrust and trademark laws.

3 Plaintiffs also sought to assert a cause of action under the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. § 135 *et seq.* (1976) ("FIFRA"). The district court declined to infer such a cause of action for reasons we believe to be correct. *See* note 9 *infra*.

4 28 U.S.C. § 1331(a) provides in part as follows:

> The district courts shall have original jurisdiction of all civil actions wherein the matter in controversy exceeds the sum or value of $10,000, exclusive of interest and costs, and arises under the Constitution, laws, or treaties of the United States. . . .

A cause of action which is founded on federal common law "arises under" the laws of the United States within the meaning of § 1331(a). *Illinois v. City of Milwaukee*, 406 U.S. 91, 99-100 (1972); *Ivy Broadcasting Co. v. American Tel. & Tel. Co.*, 391 F.2d 486, 492 (2d Cir. 1968).

Orange," for use by the military in Vietnam. The herbicide was allegedly contaminated with certain toxic organic chemicals, including 2,3,7,8-tetrachlorodibenzo-p-dioxin ("dioxin"), which plaintiffs describe as "one of the most toxic substances ever developed by man." (Plaintiffs' Brief on Appeal at 2.) The plaintiff veterans assert that they were exposed to Agent Orange, and thus to the dioxin it contained, while serving in Vietnam. They claim to have sustained various physical injuries, or to be "at risk" of such injuries, by reason of that exposure. Plaintiffs seek relief on a number of theories, including strict product liability, negligence, and breach of warranty.

What marks these proceedings as somewhat extraordinary are the size of the plaintiff class and the scope of the relief that is sought. Plaintiffs purport to represent the 2.4 million veterans who served as combat soldiers in Southeast Asia from 1962 through 1971, as well as most of the families or survivors of those veterans. Fifteen plaintiff subclasses are identified; many of these subclasses consist of persons who are "at risk" of, but have yet to sustain, various physical injuries. Plaintiffs have alleged that "the combined liquid assets of the 'corporate defendants' will be insufficient to fully compensate the entire class of plaintiffs." (Complaint ¶15.) Plaintiffs therefore seek, in addition to unspecified damages,[5] a decree requiring defendants, upon a determination of liability, to establish

> a trust fund out of the current earnings of the defendants in the nature of a reserve against the claims of all the individual members of the plaintiff class to insure that the compensation of any group of individual plaintiffs will not impair the rights of those not before the Court at that time.

(Complaint ¶9.) Plaintiffs also seek a permanent injunction against further manufacture of Agent Orange.

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5 The third amended complaint alleges no specific *ad damnum*. The second amended complaint, however, asserted damages "in the range of $4 billion to $40 billion."

Defendants deny that there is any causal connection between exposure to Agent Orange and the injuries that plaintiffs claim to have sustained, and vigorously contest the propriety of the various remedial measures that plaintiffs seek to impose on them. This case, however, is still at the pleading stage, and for purposes of deciding the jurisdictional question before us, plaintiffs' factual allegations must be accepted as true.

B. *The Decision of the District Court*

Plaintiffs argue that federal common law should be applied to their claims principally because of the unique federal nature of the relationship between the soldier and his government, relying chiefly on *United States v. Standard Oil Co.*, 332 U.S. 301, 305 (1947) ("Perhaps no relation between the Government and a citizen is more distinctively federal in character than that between it and members of its armed forces"). They contend that this interest brings the case within the doctrine of *Clearfield Trust Co. v. United States*, 318 U.S. 363, 366 (1943), which held that, in order to ensure uniformity and certainty, "[t]he rights and duties of the United States on commercial paper which it issues are governed by federal rather than local law." Plaintiffs argue that the government similarly has an interest in having all of its veterans compensated by government contractors who manufactured or marketed Agent Orange, and that application of the respective state laws would impede recovery on a uniform basis.

The district court rejected the contention that *Clearfield Trust* stated the controlling principle, recognizing that the United States, a party to *Clearfield Trust*, is not party to the plaintiffs' claims here.[6] Rather, the court recognized that since the present action involves only private parties, the federal common law issue is controlled by the principles set forth in

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6 We note that the defendants have impleaded the United States in the present action. It is clear, however, that the jurisdiction of the district court over the claims of the plaintiffs is not enhanced by third party complaints. *Cf. Louisville & Nashville RR. Co. v. Mottley*, 211 U.S. 149 (1908).

Miree v. DeKalb County, 433 U.S. 25 (1977), and *Wallis v. Pan American Petroleum Corp.*, 384 U.S. 63 (1966). After reviewing the latter decisions, the district court applied a three-factor test to determine whether federal common law governs plaintiffs' claims:

> (1) the existence of a substantial federal interest in the outcome of a litigation; (2) the effect on this federal interest should state law be applied; and (3) the effect on state interests should state law be displaced by federal common law.

Slip op. at 17.

With respect to the first factor, the district court recognized two principal federal interests that may be affected by the present lawsuits: the federal government's interest in its relations with members of the armed forces, and its interest in its relations with suppliers of war materiel. As to the government's interest in the welfare of its veterans, the court stated that:

> Soldiers serving in the armed forces are government charges, entitled to government protection. Torts committed by war contractors against soldiers in action constitute "harms inflicted" on the soldiers and "interference" with the relationship between soldiers and the government. Such harms and interferences implicate federal interests identified in [*United States v. Standard Oil, supra*].

Id. at 18. The court rejected defendants' contention that these interests were already protected by the Congressionally-enacted scheme of veterans' benefits, 38 U.S.C. § 310 *et seq.* (1976),[7] opining that

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7 38 U.S.C. § 310 *et seq.*, entitled "Compensation for Service-Connected Disability or Death," establishes for veterans a basic entitlement to compensation from the government for injuries resulting from military service, and sets rates of compensation for specific types and degrees of disability. These provisions do not address issues of the liability of third parties to injured service personnel.

> [t]he limited nature of compensation provided by 38 U.S.C. § 310 *et seq.* makes it an insufficient guardian of the rights at stake in this litigation, *viz.* the rights of soldiers to be protected from "harms inflicted by others" and to be compensated for harms already inflicted. The existence and extent of these contested rights necessarily are intertwined with the relationship between government and soldier and thereby implicate federal interests.

Slip op. at 18-19. Finally, the court reasoned that because of the large number of veterans claiming injury, and the large potential liability of the five defendants, the foregoing federal interests were "substantial" for purposes of the federal common law analysis:

> The estimated number of involved veterans ranges from thousands to millions, and the estimated potential liability of the five war contractors ranges from millions to billions of dollars. As the number of veterans and the size of the claims against the war contractors increase so the federal interest in this litigation expands.

Id. at 20.

As to the government's interest in its relations with its military suppliers—the court referred to a number of "speculative" ways in which lawsuits such as the present ones might adversely affect that interest, pointing out that in response to any increase in their potential liability, military suppliers might raise their prices, attach conditions to the use of their products, or stop dealing with the government altogether.[8] The court concluded that

> government relations with war contractors might well be drastically altered by changes in the rules governing liability of war contractors to soldiers for injuries caused by inherently "dangerous" war materials.

Id. at 19-20.

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8 The court also noted that if defendants are eventually held liable for massive damages awards, the resulting blow to their financial health could have serious repercussions in the national economy.

Turning to the second part of its test, the court found that the federal interest it had identified would be adversely affected if the issues in these lawsuits were adjudicated under state law:

> Application of varying state laws would burden federal interests by creating uncertainty as to the rights of both veterans and war contractors. It would also be unfair in that essentially similar claims, involving veterans and war contractors identically situated in all relevant respects, would be treated differently under different state laws.

Id. at 21.

Finally, as to the third part of its test, the court determined that application of federal common law would not have any significant adverse impact on state interest. While noting that "[t]ort claims are traditionally matters for state law, which has developed comprehensive substantive and procedural rules to govern them," *id.* at 22, the court distinguished the instant tort actions, finding that

> state law has not considered the complex question of a war contractor's liability to soldiers injured by toxic chemicals subject to federal regulation while engaged in combat and serving abroad.

Id. at 23. The court concluded:

> Because state law is no more or less developed as to such claims than federal common law, application of federal common law thereto would not significantly displace state law.

Id.

Having found substantial federal interests that would be adversely affected by application of state law to the instant claims, and having determined that there were no substantial state interests in having state law applied, the district court ruled that plaintiffs had stated valid causes of action under the federal common law.[9] The court therefore held that it had

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9 The district court correctly determined that there is no private right of action under FIFRA, 7 U.S.C. § 135 *et seq.* (1976). The current

Pub. L. No. 80-104, 62 Stat. 163 (1947) (codified at 7 U.S.C. §§ 135-135K (1976)), and the Federal Environmental Pesticide Control Act ("1972 Act"), Pub. L. No. 92-516, 86 Stat. 973 (1972) (codifed at 7 U.S.C. §§ 136-136y (1976)), which amended, and has now superseded, the original Act. *See* Pub. L. No. 92-516, § 4(b), 86 Stat. 998 (1972). Following the four-pronged analysis set forth in *Cort v. Ash*, 422 U.S. 66 (1975), we conclude that neither enactment gives rise to a private right of action.

The four factors to be considered under *Cort v. Ash* are (1) whether the plaintiff is "one of the class for whose *especial* benefit the statute was enacted," (2) whether there is "any indication of legislative intent, explicit or implicit, either to create such a remedy or to deny one," (3) whether a right of action would be "consistent with the underlying purposes of the legislative scheme," and (4) whether the cause of action is "one traditionally relegated to state law, in an area basically the concern of the States, so that it would be inappropriate to infer a cause of action based solely on federal law." *Id.* at 78.

As to the original FIFRA, which was in effect during the entire period that plaintiff veterans served in Vietnam, we see no essential satisfaction of any of the *Cort v. Ash* tests. First, there is no indication that the bill was enacted for the especial benefit of military men. It is clear that Congress's intent was to protect the public in general, with perhaps some special consideration for "agricultural producers and other users" of pesticides and rodenticides. *See* [1947] U.S. Code Cong. Serv. 1200, 1202 (quoting the Report of the House of Representatives Committee on Agriculture). FIFRA makes no special mention of soldiers; and the House report, which states that the bill was considered by the United States Departments of Agriculture and the Interior, does not indicate that the bill was considered by any military or defense agency. *Id.* As to the second (and most important, *see Leist v. Simplot*, No. 79-7402, -7464, -7482 (2d Cir. July 8, 1980)) of the *Cort* factors, we see no clear indication of legislative intent to create a private remedy. Plaintiffs have cited no legislative history on this point, nor have they presented any detailed statutory analysis. The Act itself is primarily concerned with establishing an administrative scheme of labeling, registration and enforcement; there are indications that Congress expected that scheme to be the exclusive means of enforcement. *See* [1947] U.S. Code Cong. Serv. *supra*, at 1202. We conclude that this factor cuts against the plaintiffs. The third *Cort* factor is of little assistance here. While a private right of action might enhance enforcement of the Act's substantive provisions to some extent, it would also increase the burden on manufacturers (without commensurately increasing protection of *injured* persons who can recover damages under state product liability law), something which the administrative scheme of registration was specifically intended to avoid. *See* [1947] U.S. Code Cong. Serv., *supra* at 1202. Finally, the fourth *Cort* factor cuts strongly against the plaintiffs. The area of product liability has been "traditionally relegated to state law," and this is no less true of the products regulated by the FIFRA. *See, e.g., Muncy v. Magnolia*

subject matter jurisdiction over the case, and denied defendants' motion to dismiss.[10] This appeal followed.

Chemical Co., 437 S.W.2d 15 (Tex. Civ. App. 1968). Thus, we conclude that the district court was correct in ruling that there is no private right of action under the original FIFRA.

As to the 1972 Act, the unavailability of a private right of action is even clearer. We find no more positive indications in the first, third and fourth *Cort* factors. More importantly, we find a negative indication as to the second *Cort* factor, *i.e.*, legislative intent, since Congress considered and explicitly rejected amendments that would have authorized citizen suits to enforce the 1972 Act's prohibitions. *See People for Environmental Progress v. Leisz*, 373 F. Supp. 589, 592 (C.D. Cal. 1974) (discussing legislative history); *see also Kelly v. Butz*, 404 F. Supp. 925, 940 (W.D. Mich. 1975). It is not for us to override that Congressional determination.

10 The court also denied defendants' motion to strike portions of the Complaint relating to plaintiffs' demand that defendants be required to establish a trust fund. The court premised the denial on its conclusion that

> defendants are not prejudiced by allowing these requests for relief to remain in the [Complaint], since defendants have no obligation to admit or deny plaintiffs' requests for relief, which therefore place no pleading burden on defendants.

Slip op. at 24. In addition, it appears that the court declined to rule on a motion to strike portions of the Complaint relating to class members who have not yet been injured, but are said to be merely "at risk" of injury by reason of a veteran's exposure to Agent Orange. Defendants argue here, as they have in moving for reargument below, that the district court should have granted both motions to strike. We decline to reach these questions. The district court, in granting certification under § 1292(b) was primarily concerned with the question of subject matter jurisdiction; the certification mentions only that issue. While we are not restricted by the district court's limited certification, *see Bersch v. Drexel Firestone, Inc.*, 519 F.2d 974, 994-95 (2d Cir.), *cert. denied*, 423 U.S. 1018 (1975), and may review the entire order of the court below, *Capital Temporaries, Inc. v. Olsten Corp.*, 506 F.2d 658, 660 (2d Cir. 1974), we conclude that review now of the trust fund and "at risk" issues would be inappropriate. First, our ruling on subject matter jurisdiction may end the federal court litigation. (It is unclear whether any plaintiffs will seek to proceed on the basis of diversity jurisdiction.) More importantly, the district judge did not assess the merits of either motion to strike, and we note that he has reserved decision on defendants' motion for reargument of these questions, pending decision of this Court on the question of jurisdiction. In all, we think the wiser course is for this Court not to pass on them at this time.

II

Both plaintiffs and defendants accept the three-part test that the district court applied to the federal common law issue, and for purposes of discussion we accept that framework. But, focusing our consideration chiefly on the first factor of the test, *i.e.*, "the existence of a substantial federal interest in the outcome of the litigation," we disagree with the district court's analysis and conclude that the court gave insufficient weight to the Supreme Court's repeated admonition that

> [i]n deciding whether rules of federal common law should be fashioned, normally the guiding principle is that a *significant conflict between some federal policy or interest and the use of state law in the premises must first be specifically shown.* . . .

Wallis v. Pan American Petroleum Corp., supra, 384 U.S. at 68, *quoted with emphasis in Miree v. DeKalb County, supra,* 433 U.S. at 31. Principally we reject the district court's conclusion that there is an identifiable federal policy at stake in this litigation that warrants the creation of federal common law rules.[11]

In considering plaintiffs' contentions, it is essential to delineate precisely the relation of the United States to the claims here at issue. These claims are brought by former servicemen and their families against private manufacturers; they are not asserted by or against the United States, and they do not directly implicate the rights and duties of the United States. They are thus unlike the claims in *United States v. Standard Oil Co., supra,* in which the government brought suit to recover for its payments to a soldier injured as a result of the defendant's negligence, and *Clearfield Trust Co. v. United States, supra,* in which the government brought suit to enforce

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11 Since we conclude that there is not now an identifiable federal policy, we need not reach the second and third factors of the test and speculate as to how state law, if it were already developed, would affect the federal policy if it were identifiable—or vice versa.

its rights in commercial paper issued by it. In each of those cases the government was a party seeking to enforce its own asserted rights, and analysis reveals two federal concerns which are inherent in such cases. First, the government has an interest in having uniform rules govern its rights and obligations. Second, the government has a substantive interest in the contents of those uniform rules. The first interest prizes uniformity for its own sake and is content-neutral; it does not dictate the substance of the federal common law rule to be applied. Thus, in *United States v. Standard Oil Co., supra,* the Court applied federal common law, recognizing the government's interest in uniformity, but refused to impose the liability argued for by the United States as the substance of that law.

The present litigation is fundamentally different from *Standard Oil* and *Clearfield Trust* with respect to both uniformity interest and substantive interest in the content of the rules to be applied. Since this litigation is between private parties and no substantial rights or duties of the government hinge on its outcome, there is no federal interest in uniformity for its own sake.[12] *See e.g., Miree v. DeKalb County, supra,* 433 U.S. at 28. The fact that application of state law may produce a variety of results is of no moment. It is in the nature of a federal system that different states will apply different rules of law, based on their individual perceptions of what is in the best interests of their citizens. That alone is not grounds in private litigation for judicially creating an overriding federal law. Indeed, even where a federal statutory program governs the rights of private litigants and Congress has left gaps to be filled by the courts, uniformity is not prized for its own sake. For example, in *Auto Workers v. Hoosier Corp.,* 383 U.S. 696, 701-05 (1966), the Court dealt with a suit under § 301 of the

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12 *Compare Bank of America Nat'l Trust & Sav. Ass'n v. Parnell,* 352 U.S. 29, 32-34 (1956), private litigation involving the issues of whether certain government bonds were "overdue" and whether the defendant had taken title to the bonds in good faith. The Court observed that the question of when a government bond is overdue is a matter of federal law, but held that questions as to a party's good faith are left to local law.

National Labor Relations Act, 29 U.S.C. § 185 (1976), to which federal common law applied. Yet in determining the timeliness of such suits, the Court ruled that the appropriate state statutes of limitations should apply, and refused to impose a uniform federal period of limitations:

> [T]imeliness . . . is clearly a federal question, for in § 301 suits the applicable law is "federal law, which the courts must fashion from the policy of our national labor laws," *Textile Workers v. Lincoln Mills*, 353 U.S. 448, 456. . . . We are urged instead [of referring to state laws,] to devise a uniform time limitation to close the statutory gap left by Congress. But the teaching of our cases does not require so bald a form of judicial innovation.

Id. at 701. Thus, the prospect of uniformity is insufficient reason to invoke federal common law in private litigation; and if federal common law were invoked, it would not ensure uniformity since frequently that law takes its substance from local law.

The second fundamental difference between the present litigation and the *Clearfield Trust* type of case is that in the latter, the government's substantive interest in the litigation is essentially monothetic, in that it is concerned only with preserving the federal fisc, whereas here the government has two interests; and here the two interests have been placed in sharp contrast with one another. Thus, the government has an interest in the welfare of its veterans; they have given of themselves in the most fundamental way possible in the national interest. But the government also has an interest in the suppliers of its materiel; imposition, for example, of strict liability as contended for by plaintiffs would affect the government's ability to procure materiel without the exaction of significantly higher prices, or the attachment of onerous conditions, or the demand of indemnification or the like. As plaintiffs' counsel has observed, "this litigation will have a direct and lasting impact on the relationship between the federal government and war contractors . . . and between the federal government and veterans." (Letter dated October 21, 1980, V. J. Yannacone, Jr.

to A. D. Fusaro.) It is obvious that the government is interested. But unlike a simple uniformity interest, neither the government's interest in its veterans nor its interest in its suppliers is content-neutral. Each interest will be furthered only if the federal rule of law to be applied favors that particular group.

The extent to which either group *should* be favored, and its welfare deemed "paramount" (see dissent of Chief Judge Feinberg, *post*), is preeminently a policy determination of the sort reserved in the first instance for Congress. The welfare of veterans and that of military suppliers are clearly federal concerns which Congress should appropriately consider in setting policy for the governance of the nation, and it is properly left to Congress in the first instance to strike the balance between the conflicting interests of the veterans and the contractors, and thereby identify federal policy. Although Congress has turned its attention to the Agent Orange problem,[13] it has not determined what the federal policy is with respect to the reconciliation of these two competing interests. Thus, this case is unlike *Owens v. Haas*, 601 F.2d 1242 (2d Cir.), *cert. denied*, 444 U.S. 940 (1979), or *Ivy Broadcasting Co. v. American Tel. & Tel. Co.*, 391 F.2d 486 (2d Cir. 1968), in which the court was asked to supplement with federal common law a federal statutory program which itself embodied Congressional policy determinations.[14] In *Owens*, as Chief Judge Feinberg observes, *post*, the Court "discerned a

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13 Congress has directed the Administrator of Veterans' Affairs to design and conduct an epidemiological study of veterans who were exposed to Agent Orange, and to report periodically to Congress until the study is completed. *See* Pub. L. No. 96-151, 96th Cong., 1st Sess. (1979); 38 U.S.C. § 219 note (Supp. 1980).

14 Plaintiffs contend that FIFRA (*see* note 9 *supra*) evinces a federal interest in regulation of herbicides sufficient to call into play the federal common law. But as this court has noted, FIFRA was not intended to preempt state law even with respect to those matters it specifically regulates. *Chemical Specialties Mfrs. Ass'n v. Lowery*, 452 F.2d 431 (2d Cir. 1971). It is certainly an insufficient basis for a displacement of the entire body of state product liability law.

'federal regulatory scheme' " for the protection of prisoners. It is one thing to *discern* a federal regulatory scheme from the statutes Congress has enacted, as in *Owens*; it is another to *devise* such a scheme in the face of inaction by Congress. The dissent finds it anomalous that federal common law may apply to prisoners but not to veterans. We suggest that the anomaly lies not with the court in declining to devise a scheme, but with Congress which has made specific provision for protection of the government's prisoners but not for its soldiers.

We conclude that in the present case, while the federal government has obvious interests in the welfare of the parties to the litigation, its interest in the *outcome* of the litigation, *i.e.*, in how the parties' welfares should be balanced, is as yet undetermined.[15] The teaching of *Wallis* and *Miree* is that before federal common law rules should be fashioned, the use of state law must pose a threat to an "identifiable" federal policy. *Wallis v. Pan American Petroleum Corp., supra* at 68; *Miree v. DeKalb County, supra* at 31-33. In the present litigation the federal policy is not yet identifiable. We conclude, therefore, that the district court erred in ruling that plaintiffs' claims were governed by federal common law. The order denying defendants' motion to dismiss for lack of subject matter jurisdiction is accordingly

Reversed.

FEINBERG, *Chief Judge* (dissenting):

This case presents us with a unique set of facts, parties, and pleadings. Many aspects of plaintiffs' case are troublesome, because plaintiffs seek unusual relief, both procedural and substantive, as to which I express no view. But the issue now before us is far narrower, and raises more familiar considera-

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15 The large number of veterans claimed in the class does not reveal the content of a federal policy reconciling the competing interests, any more than does the possibility that the defendant companies would have to be liquidated to pay the claims of the class.

tions. That issue is whether a federal district court has federal question jurisdiction over the action, see 28 U.S.C. § 1331(a), because the action arises under federal common law. I agree with District Judge Pratt that this case should be tried in federal court under rules of federal common law. I therefore dissent from the opinion of the majority.

That the present case is *sui generis*, and national in its proportions, is evident from the complaint itself. The defendants in this action are five of the largest chemical companies in the nation, all of which admittedly manufactured "Agent Orange," a defoliant, for use by our nation's armed forces in Vietnam between 1962 and 1971. Plaintiffs' suit is brought on behalf of veterans, living and dead, and their parents, wives, widows, orphans, and children, living, dead, and stillborn. Plaintiffs allege that the Agent Orange supplied by the defendants was "contaminated with . . . polychlorinated dibenzo-*p*-dioxins . . . and polychlorinated dibenzo furans . . . including 2,3,7,8,-tetra-chloro dibenzo *p*-dioxin (. . . "Dioxin"), one of the most toxic substances ever developed by man." Plaintiffs further allege that as a result of exposure to Agent Orange, they incurred, or have suffered an increased risk of incurring, cancer, genetic damage, and an early death. Judge Pratt noted that the defendants are "facing aggregate claims which may eventually amount to billions of dollars." As the majority notes, the complaint identifies fifteen groups of plaintiffs, totalling over 800 plaintiffs who, we are told, have filed complaints in 25 judicial districts all across the country. By this time it is probable that 30 to 40 districts are affected, since additional plaintiffs appear daily; plaintiffs' counsel assures us that many more complaints would already have been filed, but for the request of Judge Pratt not to do so until the question of class certification has been resolved. How many plaintiffs will ultimately come forward is unclear. Present plaintiffs assert that as many as 2,400,000 men and women who served in the armed forces could be eligible to sue defendants—not to mention their parents, dependents, and dead or stillborn children. The national dimensions of the case as pleaded are too obvious to escape notice. Identical com-

plaints have been filed, *inter alia*, in Massachusetts and California, in Illinois and Texas, and we are informed that the Judicial Panel on Multidistrict Litigation has ordered all Agent Orange cases consolidated before Judge Pratt. The plaintiffs in these cases complain of injuries sustained as the result of service in our nation's military, in a national endeavor in a foreign land. To the non-legal mind, it would be an odd proposition indeed that this litigation, so patently of national scope and concern, should not be tried in federal court.

As for the legal mind, all involved in this case—the parties, Judge Pratt, and the panel on appeal—appear to agree that federal question jurisdiction depends upon whether a federal common law rule of product liability should be applied. See *Illinois v. City of Milwaukee*, 406 U.S. 91, 98-101 (1972); *Ivy Broadcasting Company v. American Telephone and Telegraph Company*, 391 F.2d 486, 492-93 (2d Cir. 1968). Whether a federal rule should be applied, in turn, depends on three factors, as discerned in *Miree v. DeKalb County*, 433 U.S. 25 (1977), and *Wallis v. Pan American Petroleum Corporation*, 384 U.S. 63 (1966):

> (1) the existence of a substantial federal interest in the outcome of the litigation;
>
> (2) the effect on this federal interest should state law be applied; and
>
> (3) the effect on state interests should state law be displaced by federal common law.

Judge Pratt, in his thorough and able opinion, analyzed all these factors and concluded that the fashioning of a federal common law rule was warranted on the facts of the present case. In a closely analogous case, *Owens v. Haas*, 601 F.2d 1242 (2d Cir.), cert. denied, 444 U.S. 980 (1979), this court recently arrived at the same result. *Owens* is instructive because it represents the most recent examination by this court of the "federal interest" doctrine discussed in *Miree* and *Wallis*. A review of the *Owens* facts and holding shows that Judge Pratt's analysis of the factors set forth above was correct.

In *Owens*, plaintiff was a federal prisoner who was injured by county jail officials who were working under contract with the federal government. Plaintiff sued for damages as, *inter alia*, a third-party beneficiary of that contract. On that theory, the "first question" before this court was whether plaintiff's claims were "a matter of federal law or of state law"; the question was posed "both as a guide to contract interpretation and as an alternate basis for jurisdiction in the district court." 601 F.2d at 1248. Writing for the panel, the late Judge Smith noted that "the federal government owes a duty of reasonable care to safeguard the security of prisoners under its control," and discerned a "federal regulatory scheme" for maintaining the health and well-being of such prisoners. *Id.* at 1249. Judge Smith then concluded that this regulatory scheme generated "a federal interest in assuring uniform treatment of federal prisoners," *id.*, and that that interest, combined with the government's duty of reasonable care, meant that "federal rights and obligations [did] 'hinge on the outcome' of litigation in this area," *id.* at 1249-50. As a result, the court held that federal common law should apply.

Looking, as the *Owens* court did, to *Miree* and *Wallis*, the first question we must answer is whether the federal government has a "substantial interest" in the outcome of this litigation. It is plain that this question must be answered affirmatively. As the Supreme Court observed in *United States v. Standard Oil Company*, 332 U.S. 301 (1947),

> Perhaps no relation between the Government and a citizen is more distinctively federal in character than that between it and members of its armed forces. To whatever extent state law may apply to govern the relations between soldiers or others in the armed forces and persons outside them or non-federal governmental agencies, the scope, nature, legal incidents and consequences of the relations between persons in service and the government are fundamentally derived from federal sources and governed by federal authority. See *Tarble's Case*, 13 Wall. 397; *Kurtz v. Moffitt*, 115 U.S. 487. So also we think are interfer-

> ences with that relationship such as the facts of this case involve. For, as the Federal Government has the exclusive power to establish and define the relationship by virtue of its military and other powers, equally clearly it has power in execution of the same functions to protect the relation once formed from harms inflicted by others.

Id. at 305-06 (footnotes omitted). This obviously federal relationship does not depend primarily upon any particular statute, but rather inheres in the federal government's exclusive capacity to wage war. But in the case before us this relationship can also be analyzed in terms of *Owens*. In *Owens*, the federal government was found to owe "a duty of reasonable care" to federal prisoners, a duty stemming from statutory enactment, specifically 18 U.S.C. § 4042.[1] Similarly, the federal government here is under a statutory obligation to provide "an improved and uniform program of medical . . . care for members [of the uniformed services] and certain former members of those services, and for their dependents." 10 U.S.C. § 1071. Further, in *Owens* this court discerned in "the scheme of regulation of federal prisons [an indication of] congressional intent to provide some general protections for federal prisoners." 601 F.2d at 1249. Similarly, in the present case there is a statutory scheme to provide "general protections" for members and veterans of the uniformed services. See 10 U.S.C. §§ 1071-87 (program of medical care for members of uniformed services and dependents); 38 U.S.C. §§ 310-15 (schedule of compensation to veterans and dependents for wartime disabilities); §§ 321-22 (schedule of compensation to survivors of veterans for wartime death); §§ 331-35 (same, peacetime disabilities); §§ 341-42 (same, peacetime death); 50 U.S.C. § 45(a) (requiring adequate provision of shelter, sanitary facilities, water supplies, heating and lighting arrangements, medical care, and hospital accommodations before

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1 18 U.S.C. § 4042 provides, in pertinent part, that the "Bureau of Prisons . . . shall . . . provide for the safekeeping, care, . . . subsistence, . . . [and] protection . . . of all persons charged with or convicted of offenses against the United States . . . ."

persons can be inducted into military service). See also the various regulations governing the welfare of soldiers, all of which are, of course, promulgated under authority granted by Congress. 10 U.S.C. § 121 (President's power to prescribe regulations); § 3012(g) (Secretary of Army's power to prescribe regulations).[2] The Secretary of the Army is required by statute to be responsible for the "welfare, preparedness, and effectiveness of the Army." 10 U.S.C. § 3012(b)(1).

The majority concludes that on the facts of this case "there is no federal interest in uniformity for its own sake," and that there is no federal "substantive interest in the content of the rules to be applied." I disagree on both counts. As to uniformity of treatment, this court noted in *Owens* that "[b]ecause there is a federal regulatory scheme, there is a federal interest in assuring uniform treatment of federal prisoners." 601 F.2d at 1249. It is anomalous for this court to hold, on the one hand, that the federal government has an interest in "uniform treatment" of its *prisoners* sufficient to warrant the use of a federal rule of recovery, and, on the other hand, that the federal government has no such interest in "uniform treatment" of its *soldiers*. The majority suggests that the anomaly here lies "with Congress, which has made specific provisions for the protection of the government's prisoners but not for its

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2 E.g., Army Regulation 40-2, Army Medical Treatment Facilities, General Administration (effective April 1, 1978) (requiring provision of highest quality of patient care to soldiers in Army medical facilities); Army Regulation 40-3, Medical, Dental, and Veterinary Care (effective December 1, 1977) (providing standards of policy, eligibility, treatment, and administration, inter alia, in Army medical facilities); Army Regulation 32-15, Clothing and Textile Materiel, Classification and Inspection (effective October 1, 1976) (providing minimal standards for serviceability of clothing of Army personnel); Army Regulation 210-16, Bachelor Housing Management (effective September 15, 1975) (providing minimal standards of adequacy for quarters of certain Army personnel); Army Regulation 30-1, Army Food Service Program (effective July 1, 1977), (providing standards for food and food services for Army personnel); Army Regulation 28-1, Army Morale Support Activities (effective February 15, 1979) (providing programs for maintenance of morale, esprit, mental and physical fitness, and combat readiness of Army personnel).

soldiers." But a review of the statutory and regulatory provisions cited above, especially 10 U.S.C. §§ 1071-87 (medical care), § 3012(b)(1) (Secretary of Army's responsibility for "welfare" of Army personnel), and 38 U.S.C. §§ 310-15, 321-22, 331-35, 341-42 (veterans' and survivors' compensation), as well as myriad, detailed Army Regulations, demonstrates beyond doubt that Congress has made specific provisions for the protection of its soldiers, both directly and by delegation.

The majority also concludes that because the government has arguably conflicting substantive interests in the outcome of the litigation, "the federal policy is not yet identifiable." The allegedly conflicting federal interests are in the welfare of veterans and in the welfare of suppliers of war materiel. But that the plaintiff veterans and the defendant contractors have opposing interests in this litigation hardly means that the paramount federal interest is somehow divided or self-contradictory. The United States has a clear interest in the protection of its soldiers from harm caused by defective war materiel. What other interests does the United States arguably have that might conflict with this clear interest? One such interest might be in seeing that defendants, as suppliers of war materiel, are treated fairly. But that interest cannot be said to conflict with the government's interest in the safety of its soldiers. Another such interest might be in preventing defendants from being driven to bankruptcy by large damage awards to Agent Orange plaintiffs, who have already made claims assertedly greater than defendants' combined liquid assets. This, I take it, is what the majority means by its reference to the federal interest in the "welfare" of defendants. But this interest lies in the future, and in the realm of speculation. There will be time enough to deal with the potential impact of defendants' financial liability if and when they incur any, if it is truly in the interest of the United States to do so. By contrast, plaintiffs' injuries—assuming for the moment that plaintiffs have a viable cause of action—lie in large part in the present, and in the realm of the concrete. The conclusion seems inescapable to me that the United States' interest in the "welfare" of defendants cannot

approach, either in magnitude or in quality, its interest in the welfare of the Agent Orange plaintiffs. In short, in the case before us the paramount interests of the United States are in the welfare of its veterans and in their fair and uniform treatment.

Having discerned a significant federal interest, we are next required to determine whether or not a "significant conflict" exists between that interest and the application of state law. This factor is not reached by the majority. But that such a conflict does exist in the present case can hardly be disputed. Given the "distinctively federal" character of the relationship between the federal government and its soldiers, there is an inherent federal interest in the uniform definition of the aspects of that relationship involved in this case. As noted earlier, this inherent interest in uniformity was observed by this court in *Owens*, 601 F.2d at 1249. The application of state law to the present case would severely frustrate this federal interest: If state law is applied in the present litigation, and assuming again that the allegations in the complaint are true, then veterans may well be subjected to sharply differing rules of law in the pursuit of their remedies. For example, the law of the various states is in flux, diverging widely in the definition of what constitutes a "defective" product—especially with respect to defectively designed products—and in the availability of defenses based on the "state of the art" and technological feasibility. See United States Department of Commerce, Interagency Task Force on Product Liability, Product Liability: Final Report II-6-10 (1977) (varying state law respecting "defectiveness," especially in design-defect cases); *id.* at II-11-12 (same, respecting defense of "state of the art"). As a result, if the laws of 30 or 40 state jurisdictions are separately applied, veterans' recoveries for Agent Orange injuries will vary widely—despite the fact that these soldiers fought shoulder to shoulder, without regard to state citizenship, in a national endeavor abroad. In sum, the federal interest here in uniformity would be defeated by the application of discrete and differing state laws. It is thus not necessary to reach the question whether the other federal interest present in this

case—in seeing that soldiers are not harmed by defective war materiel—would be frustrated by the application of state law. Because the federal interest in uniformity would be defeated by such an application, I conclude that the first two requirements of *Miree* and *Wallis*, as interpreted by this court in *Owens*, are satisfied, as Judge Pratt concluded.

The third and last factor involves the extent to which state interests would be affected, if state law were to be "displaced" by federal common law in the present case. This factor is also not reached by the majority. I agree with Judge Pratt's conclusion that the claims made by plaintiffs in this unique and unprecedented litigation do not fall within the developed area of state tort law. As noted above, the states' product liability law is in flux; with respect to a case as novel as the one before us, a consistent and established body of state law is even less discernible. Accordingly, I think that Judge Pratt was correct in holding that the application of federal common law to the case before us would not "displace" state law, because there is no substantial body of state law on this point to be displaced. I thus conclude that all three factors, accepted by the majority as the proper analytical framework, point to the use of a federal common law rule in the present case, giving rise to federal question jurisdiction.

Because I conclude that the district court does have jurisdiction over the case before us, I dissent from the opinion of the majority.

Order of the Court of Appeals
Dated January 28, 1981

UNITED STATES COURT OF APPEALS

SECOND CIRCUIT

At a stated term of the United States Court of Appeals, in and for the Second Circuit, held at the United States Court House, in the City of New York, on the 28th day of January, one thousand nine hundred and eighty-one.

No. 80-7079

In re

"AGENT ORANGE"

Product Liability Litigation

A petition for rehearing containing a suggestion that the action be reheard in banc having been filed herein by counsel for the plaintiffs-appellees,

Upon consideration by the panel that heard the appeal, it is

Ordered that said petition for rehearing is DENIED, Chief Judge Feinberg dissenting.

It is further noted that the suggestion for rehearing in banc has been transmitted to the judges of the court in regular active service and to any other judge on the panel that heard the

appeal and that no such judge has requested that a vote be taken thereon.

A. DANIEL FUSARO
A. Daniel Fusaro,
Clerk

United States Court of Appeals
Second Circuit
Filed January 28, 1981
A. Daniel Fusaro, *Clerk*

Order of the Court of Appeals Dated February 6, 1981 Granting Motion for Stay Without Bond

UNITED STATES COURT OF APPEALS

FOR THE SECOND CIRCUIT

Docket No. 80-7079

In re

"AGENT ORANGE"

Product Liability Litigation

IT IS HEREBY ORDERED that the motion be and it hereby is granted.

WILFRED FEINBERG
ELLSWORTH A. VAN GRAAFEILAND
(Signature Illegible)
Circuit Judges

Date: 2/6/81

No. 80-1882

Office-Supreme Court, U.S.
FILED
JUN 1 1981
ALEXANDER L. STEVAS,
CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM 1980

CHARLES CHAPMAN, *et al.*,

Petitioners,

v.

THE DOW CHEMICAL COMPANY,
DIAMOND SHAMROCK CORPORATION,
MONSANTO COMPANY,
THOMPSON-HAYWARD CHEMICAL COMPANY,
and HERCULES INCORPORATED,

Respondents.

(IN RE "AGENT ORANGE" PRODUCT
LIABILITY LITIGATION)

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

CONSOLIDATED BRIEF IN OPPOSITION

GEORGE D. REYCRAFT
WENDELL B. ALCORN, JR.

One Wall Street
New York, New York 10005
(212) 785-1000

Attorneys for Respondents Diamond Shamrock Corporation, Monsanto Company, Thompson-Hayward Chemical Company, Hercules Incorporated

Of Counsel:

CADWALADER, WICKERSHAM & TAFT
Attorneys for Diamond Shamrock Corporation
One Wall Street
New York, New York 10005

TOWNLEY & UPDIKE
Attorneys for Monsanto Company
405 Lexington Avenue
New York, New York 10017

CLARK, GAGLIARDI & MILLER
Attorneys for Thompson-Hayward Chemical Company
The Inns of Court
99 Court Street
White Plains, New York 10601

KELLEY DRYE & WARREN
Attorneys for Hercules Incorporated
350 Park Avenue
New York, New York 10022

QUESTION PRESENTED

May a district court fashion a federal common law of products liability to confer federal question jurisdiction pursuant to 28 U.S.C. § 1331(a) over actions for personal injuries by former servicemen and members of their families against private corporations, where the rights and duties of the United States are not at issue and will not be directly affected and where no federal policy will be frustrated by the application of diverse state law rules?

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No. 80-1882

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OCTOBER TERM 1980

CHARLES CHAPMAN, *et al.*,

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v.

THE DOW CHEMICAL COMPANY,
DIAMOND SHAMROCK CORPORATION,
MONSANTO COMPANY,
THOMPSON-HAYWARD CHEMICAL COMPANY,
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Respondents.

(IN RE "AGENT ORANGE" PRODUCT
LIABILITY LITIGATION)

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

CONSOLIDATED BRIEF IN OPPOSITION

Respondents Diamond Shamrock Corporation, Monsanto Company, Thompson-Hayward Chemical Company, and Hercules Incorporated[1] submit this brief in opposition to peti-

[1] Respondents' statement pursuant to Supreme Court Rule 28.1 may be found in the Appendix.

tioners' request that a writ of certiorari issue to review the opinion and judgment of the United States Court of Appeals for the Second Circuit entered November 24, 1980 in *In re "Agent Orange" Product Liability Litigation*, 635 F.2d 987 (2d Cir. 1980).[2]

STATUTORY PROVISION INVOLVED

The statutory provision quoted by petitioners, 28 U.S.C. § 1331(a), has been amended. It now provides:

> The district court shall have original jurisdiction of all civil actions arising under the Constitution, laws, or treaties of the United States.

Pursuant to Section 4 of the Federal Question Jurisdictional Amendments Act of 1980, the amendment was made applicable to pending cases. Pub. L. No. 96-486, § 4, 94 Stat. 2370 (1980).

COUNTERSTATEMENT OF THE CASE

This litigation involves the continuing controversy over the alleged health effects of "Agent Orange"[3] and related

[2] The only action before this Court is *Chapman* v. *Dow Chemical Co.*, 79 C 1195, which the District Court has designated as the "lead action" in the "Agent Orange" Product Liability Litigation, MDL No. 381. Following the Court of Appeals decision, the District Court retained federal jurisdiction over *Chapman* based on diversity of citizenship, 28 U.S.C. § 1332. *In re "Agent Orange" Product Liability Litigation*, 506 F. Supp. 762, 782 n. 30, 786 (E.D.N.Y. 1980). Thus, petitioners incorrectly contend that the creation of federal common law jurisdiction is necessary to ensure that these cases will be decided in the "apolitical atmosphere of the federal courts" (Petition at 4). *See Martin* v. *Hunter's Lessee*, 14 U.S. (1 Wheat.) 304, 347 (1816) (discussing the historical bases of diversity jurisdiction, including the impartiality of the federal forum).

[3] "Agent Orange" was an approximately 50-50 mixture of the n-butyl esters of 2,4-D (2,4-dichlorophenoxyacetic acid) and 2,4,5-T (2,4,5-tricholorophenoxyacetic acid). The name "Agent Orange" derives from the orange band painted on the containers in which the herbicide was transported. *See "Herbicide Agent Orange," Hearing*

(Footnote continued)

defoliants that were used by the United States military in Vietnam from 1962 to 1971. The defendants-respondents are companies that manufactured Agent Orange for use by the military.

The controversy surrounding the health effects of Agent Orange concerns the alleged presence of minute quantities of 2,3,7,8-tetrachlorodibenzo-*p*-dioxin ("TCDD") in the herbicide. Throughout this case, petitioners have contended that there is a causal connection between exposure to Agent Orange and their claimed illnesses—a contention that respondents continue to deny vigorously. Petitioners base their claims on traditional state law concepts of negligence, breach of warranty, and strict liability in tort.

The specific issue here, however, is jurisdictional[4]—may a district court displace a state's substantive products liability law by grounding jurisdiction under § 1331(a) upon federal common law, where plaintiffs are private citizens who seek compensation against private corporations for injuries allegedly sustained while on military duty. In reversing the District Court, the Court of Appeals correctly held that to displace a state's substantive law of products liability absent an identifiable conflict with either the United States Constitution or federal legislation would destroy fundamental concepts of federalism and separation of powers.

SUMMARY OF ARGUMENT

The petition before this Court should be denied because the case does not qualify for the creation of federal common law under either of the two theories developed by this Court for

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(Footnote continued)
Before the Subcommittee on Medical Facilities and Benefits of the Committee on Veterans Affairs of the House of Representatives, 95th Cong., 2d Sess. at 4 (1978). Both 2,4-D and 2,4,5-T have been used domestically in the United States since the 1940's. *See* R. BOVEY & A. YOUNG, THE SCIENCE OF 2,4,5-T AND ASSOCIATED PHENOXY HERBICIDES 1-5 (1980).

[4] For that reason, respondents will not discuss petitioners' request for the creation of a trust fund out of the earnings of the respondents. Although that issue was before the Court of Appeals, the court declined to review the ruling of the District Court. *In re "Agent Orange" Product Liability Litigation*, 635 F. 2d at 992 n. 10.

evaluating such requests. This is not a case where the rights and duties of the United States are at issue. Nor is this a case where the application of state law would conflict with a specific constitutional guarantee or a federal policy embodied in a federal statutory scheme. Further, the decision below accords with decisions in sister circuits. Finally, the federal courthouse door has not been closed to the petitioners, since an alternative jurisdictional basis has been recognized by the District Court.

ARGUMENT: REASONS FOR DENYING THE WRIT

The decision of the Court of Appeals accords with decisions of this Court and does not conflict with any decision of any other court. Further review is, therefore, unwarranted.

I.

The Court of Appeals Decision is Correct

After *Erie Railroad Co.* v. *Tompkins,* 304 U.S. 64 (1938), federal courts may devise common law rules only in areas governed by the Constitution or a valid congressional enactment. As Mr. Justice Jackson noted, concurring in *D'Oench, Duhme & Co.* v. *FDIC,* 315 U.S. 447, 472 (1942), "Federal common law implements the federal Constitution and statutes, and is conditioned by them."

At the same time, federal courts exercising this limited power to make law must be cautious not to infringe on the legislative power that has been reserved to the Congress by Article I of the Constitution. This basic principle was restated this Term in *City of Milwaukee* v. *Illinois,* ____ U.S. ____, 49 U.S.L.W. 4445, 4447 (April 28, 1981):

> The enactment of a federal rule in an area of national concern, and the decision whether to displace state law in doing so, is generally made not by the federal judiciary, purposefully insulated from democratic pressures, but by the people through their elected representatives in Congress.

Accord, Northwest Airlines, Inc. v. *Transport Workers Union of America*, ____ U.S. ____, 49 U.S.L.W. 4383, 4388 (April 20, 1981); *Miree* v. *DeKalb County*, 433 U.S. 25, 32 (1977); *United States* v. *Standard Oil Co. of California*, 332 U.S. 301, 316 (1947).

The cases that have applied federal common law reflect two general theories. The first line derives from *Clearfield Trust Co.* v. *United States*, 318 U.S. 363 (1943), and is composed of those cases where the rights and duties of the United States itself are directly at issue. *See, e.g., United States* v. *Kimbell Foods, Inc.*, 440 U.S. 715 (1979); *United States* v. *Standard Oil Co. of California, supra.* In those cases, a federal common law rule was devised to prevent the Government from being burdened by the uncertainty of differing state rules.

The second theory concerns the application of federal common law to controversies between private parties. Absent a manifest congressional intent to preempt the area involved for federal authority, federal common law is applied in those circumstances only upon an express demonstration that the application of state law will actually frustrate a federal interest articulated in the Constitution or by Congress. *See City of Milwaukee* v. *Illinois*, ____ U.S. at ____, 49 U.S.L.W. at 4447-48; *Miree* v. *DeKalb County*, 433 U.S. at 31; *Wallis* v. *Pan American Petroleum Corp.*, 384 U.S. 63, 68 (1966).[5]

It is apparent that petitioners have failed to comprehend the essentially private character of this lawsuit and, in so doing, have erroneously relied on the first theory to support the claim of federal question jurisdiction. As the Court of Appeals correctly reasoned, this first theory is inapplicable in the present case because, unlike the situations in *Clearfield Trust Co.* v. *United States, supra, United States* v. *Standard Oil Co. of*

[5] A third area where federal common law ordinarily controls is in controversies between interstate governmental entities. *E.g., Northwest Airlines, Inc.* v. *Transport Workers Union of America*, ____ U.S. at ____, 49 U.S.L.W. at 4388; *Illinois* v. *City of Milwaukee*, 406 U.S. 91 (1972). Petitioners do not rely on any cases decided under this theory.

California, supra, and *United States* v. *Kimbell Foods, Inc., supra,* the rights and duties of the United States will not be directly affected by the outcome of this action. *See also Bank of America National Trust & Savings Ass'n* v. *Parnell,* 352 U.S. 29, 33 (1956) ("[t]he present litigation is purely between private parties and does not touch the rights and duties of the United States").[6]

Moreover, petitioners have ignored the admonition repeatedly expressed by this Court, and relied upon by the Court of Appeals, which governs cases where the rights and duties of the United States are not at issue:

> In deciding whether rules of federal common law should be fashioned, normally the guiding principle is that a *significant conflict between some federal policy or interest and the use of state law in the premises must first be specifically shown.*

Miree v. *DeKalb County,* 433 U.S. at 31 (quoting *Wallis* v. *Pan American Petroleum Corp.,* 384 U.S. at 68) (emphasis in original); *accord, City of Milwaukee* v. *Illinois,* ___ U.S. at ___, 49 U.S.L.W. at 4448.

Petitioners have failed to demonstrate how the application of state law in this case would conflict with a specific federal policy. The petition's "theory" for divining federal common law rests exclusively upon the shibboleth of uniformity. For several reasons, however, that reliance is misplaced.

Whatever validity an argument in favor of a uniform federal rule may have in situations affecting the Government's legal rights and duties, such a rationale loses force when the litigation is between private parties. As the Court of Appeals observed:

> The fact that application of state law may produce a variety of results is of no moment. It is in the nature of a

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[6] This Court in *Parnell* deemed the federal interest too "speculative" and "remote" to justify the creation of federal common law. 352 U.S. at 33.

> federal system that different states will apply different rules of law, based on their individual perceptions of what is in the best interests of their citizens. That alone is not grounds in private litigation for judicially creating an overriding federal law.

635 F.2d at 994. *See Miree* v. *DeKalb County,* 433 U.S. at 28-29.

In addition, the uniformity argument propounded by petitioners ignores decisions of this Court permitting identifiable federal interests to be subject to diverse state law rules. For example, federal statutory interstices have been filled in by reference to state law. *See, e.g., Burks* v. *Lasker,* 441 U.S. 471 (1979); *De Sylva* v. *Ballentine,* 351 U.S. 570 (1956). These decisions, besides demonstrating dissatisfaction with the "uniformity for uniformity's sake" argument, reflect a reluctance to disregard a relatively established area of state law in favor of a nebulous federal standard. As was observed in *Burks* v. *Lasker, supra,* "Congress has never indicated that the entire corpus of state corporation law is to be replaced simply because a plaintiff's cause of action is based upon a federal statute." *Id.* at 478. Likewise, state law is particularly suited to resolve the Agent Orange litigation, since the bulk of products liability law has been developed in the state courts. *See generally* Note, *Adopting State Law as the Federal Rule of Decision: A Proposed Test,* 43 U. CHI L. REV. 823 (1976).

Indeed, recent state legislative activity compellingly demonstrates that the states have an interest in the issues to be determined in the Agent Orange litigation.[7] The various state

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[7] As examples, the following states, among several others, have expressed an interest through their legislatures in the Agent Orange controversy.

In Illinois, the state where the petitioners' complaint was filed, a bill has been introduced in the State Senate to establish a state commission to study the possible effects of Agent Orange on Illinois Vietnam veterans. *Highland Park Life,* February 7, 1980, at 10.

In New Jersey, a similar bill has actually been passed into law. It establishes a seven-person commission to study these possible effects. *Los Angeles Times,* February 24, 1980, part 1, at 2.

(Footnote continued)

legislative proposals demonstrate that veterans have resorted to the local political process to redress their grievances. In such circumstances the federal courts, absent congressional action, must be especially careful to respect the basic concepts of federalism.

The federal interest most strenuously advanced by petitioners is the interest of veterans in having their claims adjudicated under identical legal principles. Petitioners, however, have failed to demonstrate how the application of state tort law, and its possibly disuniform treatment, would conflict with a federal policy. The rights of the United States are not at issue, nor is a federal administrative scheme placed in jeopardy by possibly conflicting state law determinations. Uniformity is thus an illusory federal interest here, and an inappropriate basis for federal common law jurisdiction.

The various federal statutes cited by petitioners plainly demonstrate a measure of federal concern for veterans. But federal legislation has demonstrated similar concern for numerous other constituencies, including the elderly and indigent. It would be equally incorrect to claim that because of such legislation, federal common law should control the tort claims of any of those constituencies.

(Footnote continued)

In Wisconsin, the state legislature's Finance Committee has approved a budget review bill directing the State Health and Social Services Department to prepare a plan to assist certain veterans who believe they have suffered side-effects as a result of exposure to Agent Orange. *Milwaukee Journal*, March 9, 1980, part 1, at 14.

In New York—the forum for this multi-district litigation—a bipartisan bill has been introduced in the state legislature to allow New York veterans to sue in state court despite the normally applicable statute of limitations. Under the bill, the statute would start running either from the date of discovery of the exposure or from the date of discovery of facts which would lead to such discovery, whichever is sooner. *Newsday*, April 1, 1981, at 23. The State Assembly has passed this bill. *Newsday*, May 11, 1981, at 12.

In Texas, a bill has been introduced that would require the State Attorney General to assist veterans making Agent Orange claims in lawsuits against the manufacturers. This bill would also require the Texas Department of Health to assist veterans allegedly having medical problems related to Agent Orange. *Dallas Times Herald*, April 7, 1981, at 4A.

None of the various federal statutes cited by petitioners establishes a scheme for awarding benefits to veterans that would in any way be affected by the application of state law to petitioners' claims. Significantly, those statutes do *not* provide a tort remedy for injuries sustained while in the armed forces.[8] Thus, even if veterans eventually receive some sort of compensation under a federal scheme, the availability of a state tort remedy will not conflict with that program but instead would result in an additional benefit.

II.

The Court of Appeals Decision Does Not Conflict with the Decision of Any Other Court

The lower federal courts have routinely considered requests for the creation of federal common law with restraint. *See, e.g., Boyster* v. *Royden,* 628 F.2d 1121 (8th Cir. 1980). Significantly, the federal courts have long applied state law to claims by servicemen against manufacturers who allegedly supplied defective products to the military. *See, e.g., Foster* v. *Day & Zimmermann, Inc.,* 502 F.2d 867 (8th Cir. 1974); *Whitaker* v. *Harvell-Kilgore Corp.,* 418 F.2d 1010 (5th Cir. 1969); *Boeing Airplane Co.* v. *Brown,* 291 F.2d 310 (9th Cir. 1961). Indeed, state law and state choice of law rules have been regularly applied to servicemen's claims involving injuries sustained abroad, including claims arising in Southeast Asia. *See, e.g., Challoner* v. *Day & Zimmermann, Inc.,* 546 F.2d 26 (5th Cir. 1977), *on remand from* 423 U.S. 3 (1975); *Melton* v. *Borg-Warner Corp.,* 467 F. Supp. 983 (W.D. Tex. 1979).

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[8] The absence of conflict with a federal policy at this point in time is clearly seen by reference to the numerous legislative proposals currently before Congress on the subject of Agent Orange. A recent example of action taken on these proposals was the approval by the House Veterans Affairs Committee of a bill directing the Veterans Administration to give priority medical treatment to veterans who believe their ailments were caused by exposure to Agent Orange. *New York Times,* May 13, 1981, at A18. To create federal common law in this case would not be an act of interstitial lawmaking but rather would be judicial legislation before Congress has had a chance to act.

Petitioners simplistically argue that review is necessary to correct the "serious error" that "federal prisoners have more rights than United States soldiers." (Petition at 9.) This is a reference to the decision by the Court of Appeals for the Second Circuit in *Owens* v. *Haas*, 601 F.2d 1242 (2d Cir.), *cert. denied*, 444 U.S. 980 (1979), which contains language suggesting that certain claims brought by federal prisoners should be governed by federal common law standards. The *Owens* citation is presumably a strained attempt to uncover a conflict among the circuits. Of course, no such conflict could have been created in this case since *Owens* itself is a Second Circuit decision. That court, moreover, seemed to limit *Owens* to its particular facts, in which the plaintiff prisoner sued as a third-party beneficiary to a contract between the federal and county governments. *See also Verlinden B.V.* v. *Central Bank of Nigeria*, ___ F.2d ___ (No. 80-7413, 2d Cir. April 16, 1981).

III.

No Equitable Consideration Compels Creation of Federal Common Law Jurisdiction

Petitioners are also incorrect in asserting that "the ultimate effect of the ruling of [the Court of Appeals] is to close and lock the doors to the courthouses for all time to more than 600,000 veterans . . . ." (Petition at 9.) The decision accomplishes no such result. Presently, petitioners are in court—federal court—by virtue of the District Court's ruling premising jurisdiction upon diversity of citizenship, 28 U.S.C. § 1332. *In re "Agent Orange" Product Liability Litigation*, 506 F. Supp. 762, 782 n. 30, 786 (E.D.N.Y. 1980). To the extent that petitioners' argument is based upon a possible time bar, there are two difficulties. First, it is surely premature, since the District Court has not yet ruled on the statutes of limitations defenses. Second, it ignores the possibility that the District Court, in manufacturing federal common law, might choose the narrower statute of limitations, thus barring an equal or greater number of claims.

Essentially, petitioners seek review of the Court of Appeals decision primarily because of the litigation's social significance. Precedents in this Court, however, show that the legal precepts governing the issues raised in the petition are clear and unexceptional. Thus, Justice Holmes's caution that "Great cases like hard cases make bad law," *Northern Securities Co.* v. *United States,* 193 U.S. 197, 400-01 (1904) (Holmes, J., dissenting), is only partially applicable to this case: this may be a great case, but the law is well established.

CONCLUSION

For the foregoing reasons, the petition for a writ of certiorari should be denied.

Dated: May 28, 1981

Respectfully submitted,

GEORGE D. REYCRAFT
WENDELL B. ALCORN, JR.

One Wall Street
New York, New York 10005
(212) 785-1000

Attorneys for Respondents
Diamond Shamrock Corporation,
Monsanto Company,
Thompson-Hayward Chemical Company,
Hercules Incorporated

Of Counsel:

CADWALADER, WICKERSHAM & TAFT
Attorneys for Diamond Shamrock Corporation
One Wall Street
New York, New York 10005

TOWNLEY & UPDIKE
Attorneys for Monsanto Company
405 Lexington Avenue
New York, New York 10017

CLARK, GAGLIARDI & MILLER
Attorneys for Thompson-Hayward Chemical Company
The Inns of Court
99 Court Street
White Plains, New York 10601

KELLEY DRYE & WARREN
Attorneys for Hercules Incorporated
350 Park Avenue
New York, New York 10022

APPENDIX

Respondents' Statement Pursuant to Supreme Court Rule 28.1

Diamond Shamrock Corporation:

A.L.A. Chemicals Limited
Agil-Agroquimica Industrial Ltda.
Amalgamated Curacao Patents Company N.V.
Ancom Sdn. Berhad
Anglonor Limited
Anglonor S.A.
Arkwright Chemicals Limited
Carbocloro S.A. Industrias Quimicas
Chemby Chemicals Limited
DSAG Corporation
Dacral, S.A.
Dia Prosim GmbH
Diamond Shamrock (Africa) (Pty) Ltd.
Diamond Shamrock Alberta Gas Ltd.
Diamond Shamrock Hansen A.p.S.
Diamond Shamrock (India) Ltd.
Diamond Shamrock Italia S.p.A.
Diamond Shamrock Polychem AB
Diamond Shamrock Scandinavia AB
Diamond Shamrock Scandinavia A/S
Diamond Shamrock Scandinavia OY
Diamond Shamrock Trading Corporation
Diaspa S.p.A.
Herbitecnica Defensivos Agricolas Ltda.
Inmuebles Industriales del Pacifico, S.A. de C.V.
Insecticidas del Pacifico, S.A. de C.V.
Insulating Aggregates, Inc.
Korea Potassium Chemical Co., Ltd.
Lankro Italiana S.p.A.
MDS Corporation
Muenzing Chemie GmbH
Neopur Limited

Neopur Technologien GmbH
Nippon Dacro Shamrock Co., Ltd.
Nopco Argentina S.A.I.C. y F.
Nopco Colombiana S.A.
Nopco Industrial S.A. de C.V.
Parel Limited
Parel S.A.
San Nopco Limited
Semilera del Noroeste S.A. de C.V.
Showa Diamond Chemical K.K.
Sigmor Corporation
Sirotherm, Inc.
Thai Diamond Shamrock Co., Ltd.

Monsanto Company:

ACM Services, Inc.
Cole Chemicals Limited
Cole Electronics Limited
Cole Equipment Limited
Cole Plastics Limited
Cole Polymers Limited
Collagen Corporation
Companhia Brasileira de Estireno (CBE)
Companhia Brasileira de Plasticos Monsanto
Daishin Kogyo K.K.
Expanded Polystyrene Technology Limited
Fisher Controls A.G.
Fisher Controls, B.V.
Fisher Controls Company, Inc.
Fisher Controls Company of Canada Limited
Fisher Controls Ges. mbH
Fisher Controls G.m.b.H.
Fisher Controls International, Inc.
Fisher Controls Limited
Fisher Controls PTE LTD
Fisher Controls Pty Limited
Fisher Controls, S.A.
Fisher Controls, S.A.N.V.

Fisher Controls, S.p.a.
Fisher Controls Trading Company
Fisher Controls Trustees, Ltd.
Fisher Governor de Mexico, S.A.
Fisher Service Company
Goyana, S.A. Industrias Brasileiras de Materias Plasticas (GOYANA)
Hydrocarbon Products Pty Ltd.
Industrias Resistol, S.A. (IRSA)
Innoven Capital Corporation
K.K. Astro-Gelande
Kibi Kasei K.K.
Korag Company Limited
Milwaukee Die Casting Co., Inc.
Mitsubishi Monsanto Chemical Company (MMK)
Monsanto Agricola de Espana S.A. (MADESA)
Monsanto Chemicals of India Limited (MCIL)
Monsanto (Malaysia) Sdn. Berhad (MONAYSIA)
Nippon Cooper Kabushiki Kaisha
Nippon Fisher Company, Ltd.
Plagon S.A.—Plasticos Goyana Do Nordeste
Plastic Products Limited
Polyamide Intermediates Limited
Resinor Sinteticos do Nordeste S.A.
Revertex Industries (N.E.) Ltd.
Revinex Australia Limited
R. H. Cole Limited
R. H. Cole Investments Limited
Ryonichi Nohken K.K.
Snakyo Kasei Sangyo K.K.
Soperton Gum Market, Inc.
Sunvic Regler G.m.b.H.
Taiyo Kogyo Kabushiki Kaisha
102975 Canada Limited
Vencel Resil Ltd.

Thompson-Hayward Chemical Company:

North American Philips Corporation
American Color and Chemical Corp.

Hercules Incorporated:

Adria Laboratories Incorporated
Adriamycin Partnership
Agroquisa S.A.
Abieta Chemie G.m.b.H.
Australian Chemical Holdings Limited
Boots Hercules Agrochemicals Co.
Companhia Brasileria de Produtos Quimicos Bononia
Custom Oil Recovery Technology Co.
Dawood Hercules Chemicals Limited
DIC—Hercules Chemicals Inc.
Genu Products Philippines Inc.
Hercofina
Hercofina Europe
Hercules Magnetics Limited
Hercules De Centroamerica S.A.
Herdillia Chemicals, Ltd.
Hercor Chemical Corporation
The Holden Vale Manufacturing Company Limited
HTL Biospecialties Ltd.
Indian Gum Industries Ltd.
Inmobiliaria Petrocel S.A. de C.V.
Lextar
Lextar V.O.F.
Nelsons Acetate Limited
Neofil S.p.A.
Pakistan Gum Industries, Ltd.
Petrocel S.A.
PPH—Companhia Industrial de Polipropileno
Polo—Filme Industria E Comercio Ltda.
Quimproc S.A.
Rika—Hercules K.K.
St. Croix Petrochemical Corp.
Sumika—Hercules Co. Ltd.
Taiwan Polypropylene Co. Ltd.
Taloquimia, S.A.
Teijin Hercules Chemical Company Limited
Texas Alkyls, Inc.

NO. 80-1882

Court, U.S.
FILED
MAY 28 1981
L. STEVAS,
CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM 1980

CHAPMAN,

Petitioner,

v.

THE DOW CHEMICAL COMPANY, DIAMOND SHAMROCK CORPORATION, MONSANTO COMPANY, THOMPSON-HAYWARD CHEMICAL COMPANY, and HERCULES INCORPORATED,

Respondents.

(IN RE "AGENT ORANGE" PRODUCT LIABILITY LITIGATION)

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Second Circuit

BRIEF IN OPPOSITION TO PETITION

LEONARD L. RIVKIN
Attorney for Respondent, The Dow Chemical Company
100 Garden City Plaza
Garden City, New York 11530
(516) 746-7500

Of Counsel:

RIVKIN, LEFF & SHERMAN
LEONARD L. RIVKIN
JEFFREY SILBERFELD
MARJORIE H. MINTZER

Question Presented

Should the Supreme Court grant a writ of certiorari to review a decision by the United States Court of Appeals for the Second Circuit, in which that Court held that plaintiffs' claims in the Agent Orange Product Liability Litigation do not arise under federal common law, when that ruling is in accord with long-established principles of federal common law laid down by this Court.

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NO. 80-1882

IN THE

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OCTOBER TERM, 1980

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THE DOW CHEMICAL COMPANY, DIAMOND SHAMROCK CORPORATION, MONSANTO COMPANY, THOMPSON-HAYWARD CHEMICAL COMPANY, and HERCULES INCORPORATED,

Respondents.

(IN RE "AGENT ORANGE" PRODUCT LIABILITY LITIGATION)

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Second Circuit

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BRIEF IN OPPOSITION TO PETITION

Opinion Below

Respondent The Dow Chemical Company* submits this brief in opposition to petitioner's request that a writ of certiorari issue to review the opinion and judgment of the United States Court of Appeals for the Second Circuit, *In re Agent Orange Product Liability Litigation*, reported at 635 F.2d 987 and entered November 24, 1980.

Statutory Provision Involved

The statutory provision quoted by petitioner, 28 U.S.C. 1331(a), has been amended. It now provides:

> "The district courts shall have original jurisdiction of all civil actions arising under the Constitution, laws, or treaties of the United States."

The amendment was made applicable to pending cases pursuant to Section 4 of the Federal Question Jurisdictional Amendmnts Act of 1980. Publ. L. No. 96-486, Sec. 4, 94 Stat. 2370 (1980).

Counterstatement of the Case

This is a products liability action against the manufacturers of the defoliant Agent Orange which was used by the United States military in the armed conflict in Vietnam. Plaintiffs are veterans of that conflict and members of their families who are seeking to recover damages from the manufacturers for personal injuries.

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* Dow's statement pursuant to Supreme Court Rule 28.1 is annexed hereto as Appendix A.

It is claimed that plaintiff veterans were exposed to and came in contact with Agent Orange while serving in Vietnam, and that this exposure and contact is the cause of plaintiffs' alleged damages.

Although plaintiffs' complaint purports to assert claims sounding in negligence, breach of warranty, and strict products liability—remedies traditionally available under state tort law—plaintiffs seek to have their claims governed by a yet-to-be fashioned federal common law. Indeed, it is plaintiffs' contention that federal common law by itself provides a basis for federal question jurisdiction over their claims, pursuant to 28 U.S.C. 1331(a).

In response to the allegation in plaintiffs' complaint that their tort claims arise under federal common law, the defendants moved to dismiss for lack of subject matter jurisdiction. That motion was denied by the District Court. *In re "Agent Orange" Product Liability Litigation,* 506 F. Supp. 737 (E.D.N.Y. 1979). On November 24, 1980, the Second Circuit reversed, correctly holding that there was no "identifiable federal policy at stake in this litigation that warrants the creation of federal common law rules." *In re "Agent Orange" Product Liability Litigation,* 635 F. 2d 987, 993 (2nd Cir. 1980).

As a result of the Second Circuit's decision, plaintiffs have no remedy under federal law with respect to their Agent Orange tort claims. However, notwithstanding plaintiffs' argument to the contrary, the courthouse door has not been closed to the plaintiffs. The Second Circuit simply refused to displace traditional state tort law with federal common law rules. Thus, plaintiffs are free to pursue their state law claims in state court or in federal court on the basis of diversity of citizenship.

The decision of the Second Circuit is consistent with long established and recently reaffirmed principles of federal common law as laid down by this Court. For this reason, plaintiffs' petition for a writ of certiorari should be denied.

REASONS FOR DENYING THE WRIT

POINT ONE

The Court of Appeals correctly held that plaintiffs' claims do not arise under federal common law.

Recognizing that federal common law is the exception rather than the rule, and that there is no reason to displace state tort law in this case, the Second Circuit correctly declined to expand federal common law to plaintiffs' Agent Orange claims. In reaching its decision, the Circuit Court recognized the distinction between two categories of Supreme Court federal common law cases relied upon by plaintiffs in support of their jurisdictional argument. The Court properly concluded that the two theories underlying federal common law as set forth in those cases are inapplicable to this action.

In one line of cases, the Supreme Court has held that federal common law may apply if the United States is a party to the lawsuit, the government's rights and duties are directly implicated, and the government's purse is directly affected. Federal common law may apply in such a case since "the Government's paramount power of control over its own property" is at stake. *United States* v. *Standard Oil Co. of California*, 332 U.S. 301, 306 (1947). In addition, when the United States is a party, there is a need for "uniform national treatment rather than

diversified local disposition . . ." *United States* v. *Standard Oil, supra* at 311. See also *Clearfield Trust Co.* v. *United States,* 318 U.S. 363, 367 (1943):

> "The application of state law, even without the conflict of laws rules of the forum, would subject the rights and duties of the United States to exceptional uncertainty. It would lead to great diversity in results by making identical transactions subject to the vagaries of the laws of the several states. The desirability of a uniform rule is plain."

Plaintiffs place great reliance on the rationale of the *Standard Oil* and *Clearfield* cases, arguing that there is a need to apply a uniform federal rule to their tort claims against the manufacturers of Agent Orange. But this reliance is misplaced. As is made clear in *Standard Oil* and *Clearfield,* the need for uniformity of decision exists only in cases where the United States is a party and its rights and duties are directly at issue. Accord: *Miree* v. *DeKalb County,* 433 U.S. 25, 28-29 (1977). However, the Agent Orange matter is not such a case—the United States is simply not a party to the plaintiff's claims here. Thus, the Second Circuit correctly observed, at 635 F.2d 994:

> "The fact that application of state law may produce a variety of results is of no moment. It is in the nature of a federal system that different states will apply different rules of law, based on their individual perceptions of what is in the best interests of their citizens. That alone is not grounds in private litigation for judicially creating and overriding federal law."

In a second line of cases, the Supreme Court has set forth a test for determining whether federal common law

may apply to disputes involving purely private parties, such as the Agent Orange litigation. Quoting from *Wallis* v. *Pan American Petroleum Corp.*, 384 U.S. 63, 68 (1966), the Court said, in *Miree* v. *DeKalb County, supra* at 31:

> "In deciding whether rules of federal common law should be fashioned, normally the guiding principle is that a *significant conflict between some federal policy or interest and the use of state law in the premises must first be specifically shown.*" (Emphasis in original.)

Under this test, the proper conclusion is that federal common law does not apply to plaintiffs' claims. In this connection, the Second Circuit held, at 635 F.2d 993, that there is no "identifiable federal policy at stake in this litigation that warrants the creation of federal common law rules."

The only purported federal policy relied upon by plaintiffs is one which assertedly requires the application of a uniform federal rule to tort claims by former servicemen against private companies. The Second Circuit correctly found that no such federal policy or interest exists:

> "Since this litigation is between private parties and no substantial rights or duties of the government hinge on its outcome, there is no federal interest in uniformity for its own sake." 635 F.2d at 993.

This conclusion is strengthened by the fact that there is no federal statute which reflects a concern by Congress for the uniform treatment of the particular types of claims asserted in this litigation. While the Veterans' Benefits Act, 38 U.S.C. 301 *et seq.*, reflects a federal policy for uniform compensation from the United States for service-connected injuries, that statute is silent on

whether a uniform federal common law should displace state tort law which differs from one jurisdiction to the next but which has traditionally been applied to the claims of servicemen against private companies for injuries arising from their military service. *See, e.g., Whitaker* v. *Harvell-Kilgore Corp.*, 418 F.2d 1010 (5th Cir. 1969); *Boeing Airplane Co.* v. *Brown*, 291 F.2d 310 (9th Cir. 1961); and *Adams* v. *General Dynamics Corp.*, 405 F. Supp. 1020 (N.D. Cal. 1975), *aff'd*, 535 F.2d 489 (9th Cir. 1976). Indeed, the fact that the Veterans' Benefits Act does not reflect a Congressional concern for the uniform treatment of plaintiffs' tort claims should be dispositive of plaintiffs' federal common law argument. As the Second Circuit said, at 635 F.2d 995:

> "It is one thing to *discern* a federal regulatory scheme from the statutes Congress has enacted, as in *Owens*; it is another to *devise* such a scheme in the face of inaction by Congress." (Emphasis in original.)*

Two recent decisions by this Court have reaffirmed the long-standing principle that federal courts should refrain from fashioning federal common law in the absence of a clearly-defined federal policy. More importantly, those decisions make clear that federal lawmaking is primarily

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* The *Owens* case referred to above is *Owens* v. *Haas*, 601 F.2d 1242 (2nd Cir.), *cert. denied*, 444 U.S. 980 (1979). In that case, the Second Circuit held that there was a clearly definable federal policy, as embodied in an act of Congress, which required uniformity of treatment with respect to claims asserted by federal prisoners as third-party beneficiaries of a contract between the United States and a local government. *Owens* is thus distinguishable from the *Agent Orange* case since no clearly definable federal policy exists which requires uniformity of treatment with respect to plaintiffs' tort claims.

the responsibility of Congress and not the courts. Thus, the Court said, in *Northwest Airlines, Inc.* v. *Transport Workers Union of America*, —— U.S. ——, 49 U.S.L.W. 4383, 4388 (April 20, 1981):

> "(W)e consistently have emphasized that the federal lawmaking power is vested in the legislative, not the judicial, branch of the government; therefore, federal common law is 'subject to the paramount authority of Congress.'"

See also City of Milwaukee v. *Illinois*, —— U.S. ——, 49 U.S.L.W. 4445, 4447 (April 28, 1981):

> "The enactment of a federal rule in an area of national concern, and the decision whether to displace state law in doing so, is generally made not by the federal judiciary, purposefully insulated from democratic pressures, but by the people through their elected representatives in Congress."

As Congress has not enacted legislation which reflects a policy favoring the application of federal law to plaintiffs' claims, it is not the role of the federal judiciary to fashion such a body of law on its own. Absent such legislation, the Second Circuit acted properly in refusing to displace state tort law in favor of a federal common law of products liability. Concepts of federalism and separation of powers required the Second Circuit to decide as it did. Congress will have the last word, if it chooses. There is no need for further review by this Court.

CONCLUSION

For the foregoing reasons, the petition for a writ of certiorari should be denied.

Dated: May 28, 1981.

Respectfully submitted,

LEONARD L. RIVKIN
Attorney for Respondent, The Dow Chemical Company
100 Garden City Plaza
Garden City, New York 11530
(516) 746-7500

Of Counsel:

RIVKIN, LEFF & SHERMAN
LEONARD L. RIVKIN
JEFFREY SILBERFELD
MARJORIE H. MINTZER

APPENDIX A

Pursuant to Supreme Court Rule 28.1, the following is a list of names of the non-wholly owned subsidiaries of the Dow Chemical Company:

Arabian Chemical Company

Teijin Bio-Science Laboratories, Inc.

Compagnie des Services Dowell Schumberger

Chief Shipping Company

Cordis Dow Corp.

Dow Banking Corporation

Asahi-Dow Limited

Cromarty Petroleum Company Ltd.

Dow Chemical Iberica S.A.

Ivon Watkins-Dow Limited

Petroquimica-Dow S.A.

MT Partnership

Wabiskaw Explorations Limited

Dow Corning Corporation

Dowell Schlumberger Corporation

El Dorado Terminals Company

Gruppo Lepetit S.p.A.

Lepetit Pharmaghreb

Lepetit S.A.

Lepetit (Thailand) Co. Ltd.

Korea Pacific Chemical Corporation

Ecuatorianos LIFE
Pacific Chemicals Berhad
Nacionais S.A.
The D-H Titanium Company
The Kartridg Pak Co.

Office-Supreme Court, U.S.
FILED
JUN 15 1981
CLERK

No. 80-1882

IN THE

Supreme Court of the United States

OCTOBER TERM, 1980

CHARLES CHAPMAN, et al.,

Petitioners,

vs.

THE DOW CHEMICAL COMPANY, et al.,

Respondents.

PETITIONERS' SUPPLEMENTARY AND REPLY BRIEF SUPPORTING PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

VICTOR JOHN YANNACONE, JR.
Counsel of Record for Petitioners

AARON D. TWERSKI
IRVING LIKE
ALBERT J. FIORELLA
W. KEITH KAVENAGH

YANNACONE & ASSOCIATES
Post Office Drawer #109
Patchogue, New York 11772
(516) 654-2299

Attorneys for Petitioners

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IN THE

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OCTOBER TERM, 1980

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CHARLES CHAPMAN, et al.,

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Respondents.

PETITIONERS' SUPPLEMENTARY AND REPLY BRIEF SUPPORTING PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

Subsequent to the veterans' filing the Petition for a Writ of Certiorari in the "Agent Orange" cases, this Court decided *City of Milwaukee, et al.* v. *States of Illinois and Michigan,* ____ U.S. ____, 49 USLW 4445 (decided April 28, 1981) and *Northwest Airlines, Inc.* v. *Transport Workers Union of America, AFL-CIO, et al.,* ____ U.S. ____, 49 USLW 4383 (decided April 20, 1981) and the respondent chemical company war contractors cite these decisions in opposition to the Petition. Because respondents have apparently misread this Court's opinions, this supplemental and reply brief is respectfully submitted by the plaintiff veterans and their families. Supreme Court Rules 22 (4) and 22 (5).

ARGUMENT

In *City of Milwaukee (supra)*, this Court by its decision

(1) defined the circumstances under which resort may be had to federal common law in preference to the use of state law;

(2) decisively rejected the premise upon which the Second Circuit majority opinion and respondents' brief in opposition to the Petition for a writ of certiorari are posited; and

(3) clarified the responsibility of federal courts in cases of uniquely federal concern where Congress has been less than eloquent.

This Court effectively discarded, and indeed laid to rest, the specious notion that a federal court is powerless to apply federal common law without an act of Congress.

> "When Congress has not spoken to a particular issue, however, and when there exists a 'significant conflict between some federal policy or interest and the use of state law,' *Wallis*, 384 U.S. at 68 (footnote 7 omitted), the Court has found it necessary, in 'a few and restricted' instances, *Wheeldin* v. *Wheeler*, 373 U.S. 657, 651 (1963), to develop federal common law." *City of Milwaukee, et al.* (*supra*, Slip Opinion, p. 7).

Federal Common law "is resorted to in the absence of an applicable act of Congress (citation omitted) and because the Court is compelled to consider federal questions which cannot be answered from federal statutes alone . . ." (citations omitted). *City of Milwaukee, et al. (supra*, Slip Opinion, p. 7).

Similarly, in *Northwest Airlines, Inc.* v. *Transport Workers Union of America, AFL-CIO, et al., (supra)*, this Court "also has recognized a responsibility, in the absence of legislation, to

fashion federal common law in cases raising issues of uniquely federal concern, such as the definition of rights or duties of the United States . . ." (Footnote 32 omitted).

Respondent chemical companies argue that when the controversy is nominally between and among private parties, federal common law will be applied only upon an express demonstration that application of state law will actually frustrate a federal interest articulated in the Constitution or by Congress. However, both the majority and the dissent in the Second Circuit agreed that crucial federal interests were at stake and would be seriously affected by the outcome of the "Agent Orange" litigation. Even Judge Kearse, writing for the majority, agreed that the litigation will have a lasting effect on the relationship between the government and its war contractors. She likewise acknowledged the government's concern over the welfare of its veterans. Standing alone, these paramount federal interests are sufficient to displace state law.

That the national interest in the plaintiff veterans and their families is uniquely federal is at once apparent since it is based upon the *"War Powers Clause"* of the United States Constitution. Article I, Section 8. Implicit in the power of the federal government to conscript troops for military service is its duty to prevent any third party from interfering with that relationship. The only means by which federal interests will be defined and protected in this case is for the federal court to accept jurisdiction of the "Agent Orange" cases under 28 U.S.C. Section 1331 as a "federal question" and apply a uniform federal common law rule to all the veterans' claims which the District Court has now brought together as a class action under Rule 23. See, Brief *Amici Curiae* by the Ryan Family, Appendix A, pp. 40a-47a.

There is no act of Congress under which the issues arising from the unique tort claims of tens of thousands of Viet Nam combat veterans against a small group of chemical company war contractors can be determined uniformly.

The "Agent Orange" cases are a unique controversy clamoring for application of a uniform rule of federal common law if substantive justice is to be afforded all the parties. The annals of American law offer no historic precedent for a mass toxic tort committed by the federal government's war contractors against tens of thousands of United States soldiers serving their flag in a foreign country by order of several United States Presidents admittedly exercising the "war powers" under the United States Constitution (Article I, Section 8).

That uniquely federal interests are involved is beyond dispute. On the one hand, there is an overwhelming national interest in the welfare of our soldier veterans and on the other, a national interest in assuring an uninterrupted flow of chemical and biological warfare agents from the chemical company war contractors. Only uniform application of a federal common law rule to each of the thousands of "Agent Orange" cases can protect those federal interests and maintain national security. The unique national character of these cases must be perceived and respected.

The corporate defendants insist, and the Second Circuit majority has agreed, that the District Court should interpret and apply the conflicting product liability rules and disparate statutes of limitations of the fifty individual states to the tens of thousands of veterans' claims all arising from the same mass toxic tort that occurred in Southeast Asia during the Viet Nam war. Yet it is inevitable that federal interests will be frustrated by the application of disparate state laws. See, *The Federalist*, Appendix. Such a mandate requires consideration of the esoteric choice of law approaches in each state in an effort to reconcile the conflicts arising out of the parochial patchwork of their substantive product liability policies and makes it literally impossible for the Court to address the overriding federal interests in the "Agent Orange" litigation. See, Petition for Writ of Certiorari, p. 7; and Brief *Amici Curiae* by the Ryan Family, pp. 6-11.

There is no question but that in many jurisdictions if state law is applied, the claims of the veterans and their families will be time-barred. But, whatever the rule adopted by any individual state, the question of timeliness of this action, be it longer or shorter, goes to the heart of the federal government's ongoing relationship with these veterans and its present and future relationship with their successors in the armed forces of the United States. Uniformity in the context of the "Agent Orange" cases does not mean *sameness,* it means *oneness.* When our soldiers who were injured in Viet Nam as the result of a common design defect in a single class of chemical and biological warfare agents go to Court, their claims are uniquely federal in nature, involve national security, and compel application of a uniform rule of federal common law for determination.

By confusing a federal-state inquiry with a legislative-judicial one, the Second Circuit majority effectively frustrated the national interest in a case where federal interests are clear, identifiable, and acknowledged by all parties to be substantial. This point was well put in a perceptive critique recently published.

> " . . . Judge Kearse argues that since the balance sought involves a policy question, it should be struck by Congress rather than the courts. This analysis, however, ignores the traditional role of courts in formulating common law rules of liability. In the case of suits by injured servicemen against military equipment manufacturers, there is little dispute that tort remedies are appropriate. It also is evident that the application of state law in these cases may advance no state interest while thwarting federal interests. Since state law is inappropriate and Congress has not yet acted to formulate standards of liability, judicial development of federal common law standards is proper. As the Court said in *Standard Oil,* if federal common law is 'necessary or appropriate,' the courts may

> apply it 'even though Congress has not acted affirmatively about the specific question.' " (Footnotes omitted).

Stabile, Note, *Tort Remedies for Servicemen Injured by Military Equipment: A Case for Federal Common Law.* 55 N.Y.U. L. Rev. 601 (1980).

The soldier-veterans and their families have brought their "Agent Orange" claims to the federal courts. They intend to remain there. The federal interests will be defined for tens of thousands of veterans and important defense contractors. This is fact, not hypothesis. The Second Circuit majority has, by default, shifted the power to determine federal questions of overriding national concern to the states. In this context, the argument that federal interests will not be frustrated by the application of the laws of fifty states is utter nonsense. Federal interests will be frustrated because they will not be considered. National security interests will be compromised because application of disparate state laws will localize truly national issues.

It may be that the problems associated with the use of chemical and biological weapons during the Viet Nam war should be made the subject of comprehensive federal legislation, but until that happens, it is abundantly clear from *City of Milwaukee (supra)* and *Northwest Airlines, Inc. (supra)* that the "Agent Orange" cases belong in the federal court under "federal question" jurisdiction and they must all be decided according to a uniform rule of federal common law.

Under these circumstances, "federal question" jurisdiction is axiomatic. Resort to federal common law is the sole and necessary expedient for achieving equal protection of the law to all the parties, thereby protecting the national interest.

Respectfully submitted,

VINCENT JOHN YANNACONE, JR.
Counsel of Record for Petitioners

AARON D. TWERSKI
IRVING LIKE
ALBERT J. FIORELLA
W. KEITH KAVENAGH

YANNACONE & ASSOCIATES
Post Office Drawer #109
Patchogue, New York 11772
(516) 654-2299

Attorneys for Petitioners

APPENDIX

Selected Excerpts from

THE FEDERALIST

The Federalist No. 22 (Hamilton)

* * * Laws are a dead letter without courts to expound and define their true meaning and operation. * * *

If there is in each State a court of final jurisdiction, there may be as many different final determinations on the same point as there are courts. There are endless diversities in the opinions of men. We often see not only different courts but the judges of the same court differing from each other. To avoid the confusion which would unavoidably result from the contradictory decisions of a number of independent judicatories, all nations have found it necessary to establish one court paramount to the rest, possessing a general superintendence, and authorized to settle and declare in the last resort a uniform rule of civil justice.

This is the more necessary where the frame of the government is so compounded that the laws of the whole are in danger of being contravened by the laws of the parts. In this case, if the particular tribunals are invested with a right of ultimate jurisdiction, besides the contradictions to be expected from differences of opinion there will be much to fear from the bias of local views and prejudices, and from the interference of local regulations. As often as such an interference was to happen, there would be reason to apprehend that the provisions of the particular laws might be preferred to those of the general laws; for nothing is more natural to men in office than to look with peculiar deference towards that authority to which they owe their official existence. * * * The faith, the reputation, the peace of the whole Union, are thus continually at the mercy of the prejudices, the passions, and the interests of every member of which it is composed. Is it possible that foreign nations can either respect or confide in such a government? Is it possible that the people of America will long consent to trust their honor, their happiness, their safety, on so precarious a foundation?

The Federalist No. 80 (Hamilton)

* * * It seems scarcely to admit the controversy, that the judiciary authority of the Union ought to extend to these several descriptions of cases:

> 1st, to all those which arise out of the laws of the United States, passed in pursuance of their just and constitutional powers of legislation;
>
> 2d, to all those which concern the execution of the provisions expressly contained in the articles of Union;
>
> 3d, to all those in which the United States are a party;
>
> 4th, to all those which involve the PEACE of the CONFEDERACY, whether they relate to the intercourse between the United States and foreign nations, or to that between the States themselves;
>
> 5th, to all those which originate on the high seas, and are of admiralty or maritime jurisdiction; and
>
> lastly, to all those in which the State tribunals cannot be supposed to be impartial and unbiased.

The fourth point rests on this plain proposition, that the peace of the WHOLE ought not to be left at the disposal of a PART. The Union will undoubtedly be answerable to foreign powers for the conduct of its members. And the responsibility for an injury ought ever to be accompanied with the faculty of preventing it. As the denial or perversion of justice by the sentence of courts, as well as in any other manner, is with reason classed among the just causes of war, it will follow that the federal judiciary ought to have cognizance of all causes in which the citizens of other countries are concerned. This is not less essential to the preservation of the public faith, than to the security of the public tranquility. So great a proportion of the cases in which foreigners are parties, involve national questions, that it is by far the most safe and most expedient to refer all those in which they are concerned to the national tribunals. * * *

It has been asked, what is meant by "cases arising under the Constitution," in contradistinction from those "arising under the laws of the United States"? The difference has been already explained. All the restrictions upon the authority of the State legislatures furnish examples of it. * * *

It has also been asked, what need of the word "equity"? What equitable causes can grow out of the Constitution and laws of the United States? There is hardly a subject of litigation between individuals, which may not involve those ingredients of fraud, accident, trust, or hardship, which would render the matter an object of equitable rather than of legal jurisdiction, as the distinction is known and established in several of the States. It is the peculiar province, for instance, of a court of equity to relieve against what are called hard bargains; these are contracts in which, though there may have been no direct fraud or deceit, sufficient to invalidate them in a court of law, yet there may have been some undue and unconscionable advantage taken of the necessities or misfortunes of one of the parties, which a court of equity would not tolerate. In such cases, where foreigners were concerned on either side, it would be impossible for the federal judicatories to do justice without an equitable as well as a legal jurisdiction. Agreements to convey lands claimed under the grants of different States, may afford another example of the necessity of an equitable jurisdiction in the federal courts. * * *

The Federalist No. 82 (Hamilton)

The judiciary power of every government looks beyond its own local or municipal laws, and in civil cases lays hold of all subjects of litigation between parties within its jurisdiction, though the causes of dispute are relative to the laws of the most distant part of the globe. Those of Japan, not less than of New York, may furnish the objects of legal discussion to our courts.

MOTION FILED
MAY 26 1981

No. 80-1882

IN THE

Supreme Court of the United States

OCTOBER TERM, 1980

CHARLES CHAPMAN, et al.,

Petitioners,

vs.

THE DOW CHEMICAL COMPANY, et al.,

Respondents.

MOTION FOR LEAVE TO FILE AND BRIEF IN SUPPORT OF PETITION FOR A WRIT OF CERTIORARI OF THE RYAN FAMILY ON BEHALF OF ALL THE PLAINTIFF VETERANS AND THEIR FAMILIES FROM NEW YORK, ALABAMA, ALASKA, ARKANSAS, COLORADO, GEORGIA, IDAHO, MAINE, MISSISSIPPI, MONTANA, NEBRASKA, NEVADA, NORTH CAROLINA, NORTH DAKOTA, SOUTH DAKOTA, RHODE ISLAND, UTAH, VIRGINIA, WEST VIRGINIA, WISCONSIN, AMICI CURIAE

VICTOR JOHN YANNACONE, JR.
(Counsel of Record) Amici

AARON D. TWERSKI
ALBERT J. FIORELLA
W. KEITH KAVENAGH
YANNACONE & YANNACONE
35 Baker Street
Patchogue, New York 11772
(516) 654-2662

Attorneys for Amici Curiae

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THE DOW CHEMICAL COMPANY, et al.,

Respondents.

MOTION FOR LEAVE TO FILE BRIEF AMICI CURIAE

The plaintiff veteran Michael Ryan and Maureen Ryan, his wife, individually and on behalf of their infant daughter, Kerry Ryan, and together on behalf of all the other veterans and their families so unfortunate as to be similarly afflicted as a result of the decision by the Court of Appeals for the Second Circuit reported at 635 F.2d 987 (2d Cir. 1980), hereby move pursuant to Rule 36.1 of this Court's Rules for leave to file the attached brief *amici curiae* in support of the Petition for Cetiorari.

The plaintiffs Ryan are representatives of all those plaintiffs living is states where they would be barred from litigating their claims against the defendant war contractors on the merits by operation of statutes of limitation or interpretations of such statutes see, Appendix A.

This brief is also submitted on behalf of *Agent Orange Victims International*, a membership association of Vietnam combat veterans and their families, including the plaintiffs Ryan who have been involved in this litigation since it began following the death of Paul Reutershan on December 14, 1978. Paul Reutershan was the plaintiff in the case first filed against the corporate defendant war contractors on January 8, 1979 in the United States District Court for the Southern District of New York.

We feel a duty to separately present the plight of the Agent Orange victims from Alabama, Alaska, Arkansas, Carolina, Colorado, Georgia, Maine, Mississippi, Montana, Nebraska, Nevada, New York, North Carolina, North Dakota, Rhode Island, South Dakota, Utah, Virginia, Virginia, and Wisconsin to this Court in support of the petition for a writ of certiorari because the national interest in the uniform resolution of all the claims of all the veterans according to a single uniform rule of federal common law mandates acceptance of federal question jurisdiction under 28 USC § 1331.

Respectfully submitted,

VICTOR JOHN YANNACONE, JR.
(Counsel of Record for Petitioners)

AARON D. TWERSKI
ALBERT J. FIORELLA
W. KEITH KAVENAGH
YANNACONE & YANNACONE

QUESTION PRESENTED

Does an action brought by the plaintiff veterans and their families against the several stateless, multi-national, conglomerate, corporate war contractor defendants to redress the poisoning of approximately 2.4 million American Servicemen[1] who served as combat soldiers during the war in Southeast Asia raise "federal questions", the resolution of which is properly before the federal courts under 28 U.S.C. § 1331 for determination under a uniform rule of federal common law?

---

1 There are additional suits before the District Court brought by Australian and other SEATO soldiers and their families. See 506 F.Supp. 756 (E.D.N.Y. 1980).

PARTIES

More than 100 actions involving over 5,000 individual veterans, their wives, widows and children, and in certain cases their parents, have been filed in federal district courts throughout the United States and appear before this Court consolidated under docket MDL 381 pursuant to 28 U.S.C. § 1407. The lead case, under MDL procedures, is:

> "CHARLES CHAPMAN, individually and on behalf of all those so unfortunate as to have been and now to be similarly situated at risk from the toxic effects of phenoxy herbicides such as the 2, 4, 5 trichloro phenoxy aliphatics manufactured, formulated, advertised, promoted, marketed and sold, individually and collectively by the corporate defendants herein, although known to be contaminated with toxic synthetic organic chemical 2, 3, 7, 8-tetrachloro dibenzo p.-dioxin ("TCDD" of "Dioxin") and KUNIKO CHAPMAN, individually and on behalf of all those so unfortunate as to have been similarly affected as a result of the toxic effects of phenoxy herbicides such as the 2, 4, 5 trichloro phenoxy aliphatics manufactured, formulated, advertised, promoted, marketed and sold, individually and collectively by the corporate defendants herein, although known to be contaminated with toxic synthetic organic chemical 2, 3, 7, 8-tetrachloro dibenzo p.-dioxin ("TCDD" or "Dioxin"),
>
> Plaintiffs,
>
> vs.
>
> THE DOW CHEMICAL COMPANY, HERCULES INCORPORATED, NORTHWEST INDUSTRIES, INC., DIAMOND SHAMROCK CORPORATION, MONSANTO COMPANY, and NORTH AMERICA PHILIPS CORP.,
>
> Defendants,
>
> and
>
> THE UNITED STATES OF AMERICA, VETERANS ADMINISTRATION, DEPARTMENT OF DEFENSE, SOCIAL SECURITY

ADMINISTRATION, DEPARTMENT OF HEALTH, EDUCATION AND WELFARE,

as their several interests may appear."

One of the earliest cases filed in the United States District Court for the Eastern District of New York at Westbury involves plaintiffs from New York who are affected adversely by the decision of the Court of Appeals for the Second Circuit (635 F.2d 987) from which a writ of certiorari is sought. That case is entitled:

UNITED STATES DISTRICT COURT
for the
EASTERN DISTRICT of NEW YORK

MICHAEL RYAN,
individually and on behalf of all those so unfortunate as to have been and now to be similarly situated at risk from the toxic effects of phenoxy herbicides such as the 2,4,5-trichlorophenoxy aliphatics manufactured, formulated, advertised, promoted, marketed and sold, individually and collectively, by the corporate defendants herein although known to be contaminated with the toxic synthetic organic chemical 2,3,7,8-tetrachloro dibenzo p-dioxin (TCDD or "dioxin");

—and—

MAUREEN RYAN, wife of the veteran MICHAEL RYAN, individually and on behalf of all those so unfortunate as to have been similarly affected as a result of the toxic effects of phenoxy herbicides such as the 2,4,5-trichlorophenoxy aliphatics manufactured, formulated, advertised, promoted, marketed and sold, individually and collectively, by the corporate defendants herein although known to be contaminated with the toxic synthetic organic chemical 2,3,7,8-tetrachloro dibenzo p-dioxin (TCDD or "dioxin"),

—and—

KERRY RYAN,

the infant daughter of MICHAEL RYAN and MAUREEN RYAN, individually and on behalf of all those so unfortunate as to have been similarly afflicted as a result of the toxic effects of phenoxy herbicides such as the 2,4,5-trichlorophenoxy aliphatics manufactured, formulated, advertised, promoted, marketed and sold, individually and collectively, by the corporate defendants herein although known to be contaminated with the toxic synthetic organic chemical 2,3,7,8-tetrachloro dibenzo p-dioxin (TCDD or "dioxin"),

—and—

MICHAEL RYAN and MAUREEN RYAN, his wife, the parents of the infant plaintiff, each individually and on behalf of all those other parents so unfortunate as to have been and now to be similarly afflicted and situated at risk, not only during this generation but during those generations yet to come, from the toxic effects of phenoxy herbicides such as the 2,4,5-trichlorophenoxy aliphatics manufactured, formulated, advertised, promoted, marketed and sold by the corporate defendants herein, individually and collectively although known to be contaminated with the toxic synthetic organic chemical 2,3,7,8-tetrachloro dibenzo p-dioxin (TCDD or "dioxin"),

Plaintiffs,

—against—

THE DOW CHEMICAL COMPANY,
HERCULES INCORPORATED,
NORTHWEST INDUSTRIES, INC.,
DIAMOND SHAMROCK CORPORATION,
MONSANTO CO., and
NORTH AMERICAN PHILIPS CORP.,

Defendants,

—and—

THE UNITED STATES OF AMERICA
VETERANS ADMINISTRATION, Department of Defense
SOCIAL SECURITY ADMINISTRATION,
Department of Health, Education and Welfare,
as their several interests may appear.

After the arguments before the Court of Appeals and as a result of statements by the government and defendant THE DOW CHEMICAL COMPANY, a Fourth Amended Complaint deemed to be the common or generic complaint for all the "Agent Orange" cases was filed under the title:

Multi District Litigation
Docket No. MDL 381
UNITED STATES DISTRICT COURT
for the
EASTERN DISTRICT of NEW YORK

In the matter of the claims for damages attributable to the phenoxy aliphatic herbicides contaminated with toxic synthetic organic chemicals such as 2,3,7,8-tetrachloro dibenzo p-dioxin (TCDD or "dioxin") manufactured, formulated, advertised, marketed, promoted and sold by the corporate defendants

by

1. Certain named veterans, individually and on behalf of a number of veterans all those so unfortunate as to have been and now to be similarly affected and situated at risk from the toxic effects of phenoxy herbicides manufactured, formulated, advertised, marketed, promoted and sold, individually and collectively, by the corporate defendants although known by them to be contaminated with toxic synthetic organic chemicals; (Classes designated 1, and 2); and

2. Certain named wives of veterans, individually and on behalf of all those wives of veterans so unfortunate as to have been similarly affected and situated at risk as a result of the

toxic effects of phenoxy herbicides manufactured, formulated, advertised, promoted, marketed and sold, individually and collectively, by the corporate defendants although known by them to be contaminated with toxic synthetic organic chemicals (Classes designated 6, 7, and 12); and

3. Certain named veterans now deceased, by their several legal representatives, individually and on behalf of all those so unfortunate as to have been similarly affected by the toxic effects of phenoxy herbicides manufactured, formulated, advertised, promoted, marketed and sold, individually and collectively, by the corporate defendants although known by them to be contaminated with toxic synthetic organic chemicals (Class designated 5); and

4. Certain named widows of veterans now deceased, individually and on behalf of all those so unfortunate as to have been similarly widowed as a result of the toxic effects of phenoxy herbicides manufactured, formulated, advertised, promoted, marketed and sold, individually and collectively, by the corporate defendants although known by them to be contaminated with toxic synthetic organic chemicals (Classes designated 6, 7, and 8); and

5. Certain named parents of veterans now deceased, individually and on behalf of all those so unfortunate as to have similarly lost their sons as a result of the toxic effects of phenoxy herbicides manufactured, formulated, advertised, promoted, marketed and sold, individually and collectively, by the corporate defendants although known by them to be contaminated with toxic synthetic organic chemicals (Class designated 9); and

6. Certain named children, individually and on behalf of all those children so unfortunate as to have been similarly affected and now at risk as a result of the toxic effects of phenoxy herbicides manufactured, formulated, advertised, promoted, marketed and sold, individually and collectively, by the corporate defendants although known by them to be contaminated with toxic synthetic organic chemicals (Classes designated 13, 14, and 15); and

7. Certain named parents of children affected and now at risk as a result of the toxic effects of phenoxy herbicides manufactured, formulated, advertised, promoted, marketed and sold, individually and collectively, by the corporate defendants although known by them to be contaminated with toxic synthetic organic chemicals, each individually and on behalf of all those other parents and their children so unfortunate as to have been and now to be similarly situated at risk, not only during this generation but during those generations yet to come, from the toxic effects of such phenoxy herbicides manufactured, formulated, advertised, promoted, marketed and sold by said corporate defendants (Classes designated 10, 11, 12),

Plaintiffs,

—against—

THE DOW CHEMICAL COMPANY, MONSANTO CO., HERCULES INCORPORATED, THOMPSON-HAYWARD CHEMICAL COMPANY, DIAMOND SHAMROCK CORPORATION, UNIROYAL, INC., AGRISECT, INC., THOMPSON CHEMICALS, and HOFFMAN-TAFT, INC., a subsidiary of SYNTEX CORP., together with HOOKER CHEMICAL COMPANY, a subsidiary of OCCIDENTAL PETROLEUM CORPORATION,

Defendants.

Additional defendants were deemed to have moved *nunc pro tunc* against the complaint as had the original defendants, and all defenses raised by any individual corporate defendant were deemed raised by all other defendants.

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IN THE

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CHARLES CHAPMAN, et al.,

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Respondents.

BRIEF IN SUPPORT OF PETITION FOR A WRIT OF CERTIORARI OF THE RYAN FAMILY ON BEHALF OF ALL THE PLAINTIFF VETERANS AND THEIR FAMILIES FROM NEW YORK, ALABAMA, ALASKA, ARKANSAS, COLORADO, GEORGIA, IDAHO, MAINE, MISSISSIPPI, MONTANA, NEBRASKA, NEVADA, NORTH CAROLINA, NORTH DAKOTA, SOUTH DAKOTA, RHODE ISLAND, UTAH, VIRGINIA, WEST VIRGINIA, WISCONSIN, AMICI CURIAE

INTEREST OF AMICI CURIAE

The interest of the *amici curiae* appears from the foregoing motion.

OPINIONS BELOW

The opinion of the Second Circuit from which a writ of certiorari is sought is reported at 635 F.2d 987 (2d Cir. 1980). That decision by a divided court, Chief Judge Feinberg dissenting, reversed a decision by the District Court, George C. Pratt, J., reported at 506 F. Supp. 737 (E.D.N.Y. 1979).*

JURISDICTION

The decision and order sought to be reviewed was entered by the clerk of the Court of Appeals on November 24, 1980, without time notation. A Petition for Reheading *en banc* was denied by order entered January 28, 1981. The Petition for Certiorari was filed with this Court on April 28, 1981, and no extension of time for filing this Brief has been sought.

STATEMENT OF THE CASE

This litigation arises out of the use of phenoxy herbicides, including a certain "Agent Orange," which were manufactured, formulated, advertised, marketed, promoted and sold by the multinational, conglomerate, corporate defendant war contractors. The plaintiffs are the class of all those United States veterans who served in Southeast Asia during the "Viet Nam War" and were exposed to chemical defoliants such as the "dioxin" contaminated phenoxy herbicides, together with their wives and children, and, in certain unfortunate cases, their widows, orphans, and parents. See, Appendix B.

The phenoxy herbicides supplied by the defendant War Contractor were admittedly contaminated with polychlorinated

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* Subsequent to the decision of the Court of Appeals, the District Court gave limited class certification to those actions which, because of diversity jurisdiction or other reasons, were not dismissed as a result of the action of the Court of Appeals. *In Re Agent Orange Product Liability Litigation*, 506 F. Supp. 762, 787 (E.D.N.Y. 1980). See, Appendix A.

dibenzo *p*-dio (PCDDs), including 2,3,7,8-tetracholorodibenzo *p*-dioxin (TCDD "Dioxin"), a compound conceded to be one of the most toxic substances ever developed by man. See, Appendix C. As a result of exposure to there contaminated herbicides, individual veterans have suffered genetic and somatic damage, including neoplastic disease (cancer). Children of the plaintiff veterans have been born with catastrophic polygenetic birth defects, while others have died *in utero*, been stillborn, or succembed as infants.

In addition to compensatory, general and punitive damages the plaintiff veterans demand declaratory judgment and equitable relief including the creation of a trust fund for the benefit of the afflicted victims out of the current earnings of the corporate defendants rather than out of the public treasury.

Such a trust fund is necessary to assure restitution to, among others, the American taxpayers for benefits paid those victims through the United States Department of Health and Welfare, the social services agencies of the several states and the Veterans Administration. The trust fund may also provide the means for the corporate defendants to avoid economic disaster should the plaintiff veterans and their families ever recover damages consistent with the magnitude of their injuries.

Jurisdiction is invoked under 28 U.S.C. § 1331 ("federal question"), because the claims of the more than two million soldier-veterans who fought shoulder-to-shoulder for the United States of America in Southeast Asia by command of the Federal Government should not be subject to the vagaries of disparate state laws and the inevitable inconsistent results which would allow recovery to some and deny it to others solely because of the accident of their residence.

REASONS FOR GRANTING THE WRIT

By order of the United States District Court for the Eastern District of New York the class of all the plaintiff veterans and their families has been certified. Jurisdiction must, therefore, be based on the existence of a "federal question" within the

meaning of 28 U.S.C. § 1331 in order to assure all the soldier veterans equal access to the Federal Courts regardless of their state of residence or domicile; permit determination of all the "Agent Orange" cases under a uniform Federal common law rule; and avoid inconsistent application of the disparate and conflicting products liability laws of fifty individual states and perhaps several foreign countries.[1]

The question presented to the American judicial system is whether the claims of soldiers serving in Southeast Asia under the flag of the United States of America, who have been injured by a dangerous product of defective design manufactured, formulated, advertised, marketed, promoted and sold by the corporate defendant war contractors without adequate warning to the United States Department of Defense (DOD), will be heard in the federal courts as a "federal question" and determined under a uniform rule of Federal common law or whether the conflicting products liability laws of fifty individual states will be permitted to destroy the spirit of national unity which has characterized military service in this country since the Constitution was ratified.

Unless the writ sought is granted and the mandate of the Court of Appeals for the Second Circuit reversed, soldier veterans in at least twenty states[2] will be precluded from ever litigating their claims against the corporate defendant war contractor chemical companies by local statutes limiting the time within which actions for personal injuries can be brought.

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1 At the direction of Judge George C. Pratt, United States District Court Judge, E.D.N.Y., Counsel for the corporate defendants submitted to the Court a two-volume summary of each individual state's statutes of limitations on negligence, product liability, and wrongful death. Counsel for Australian veterans, William T. MacMillan of Brisbane, Queensland, and Ross Lonnie of Perth, West Australia, submitted similar information for the six Australian states. Appendix, 61a.

2 Maine, Rhode Island, New York, Virginia, West Virginia, North Carolina, Georgia, Alabama, Mississippi, Arkansas, Wisconsin, Nebraska, South Dakota, North Dakota, Montana, Idaho, Colorado, Utah, Nevada, Alaska.

ARGUMENT

More important than the weight of authority favoring "Federal question" jurisdiction in the "Agent Orange" cases are the compelling facts which supply the backdrop for this landmark litigation. "Agent Orange" is itself History.[3] Although the legal issues may seem complex, the operative facts are not.

The plaintiff veterans claim that they and their children have suffered serious personal injuries as a result of exposure to "Agent Orange," and even the corporate defendants concede that dioxin is one of the most toxic organic chemicals ever synthesized by the chemical industry. The plaintiff veterans volunteered or were drafted by the federal government of the United States of America to fight in an unpopular war thousands of miles from home in Southeast Asia. They went not at the behest of New York, Oregon, Illinois, Alabama or California, but at the urging of the Federal Government. While in Viet Nam, they were exposed to the contaminated defoliants manufactured, formulated, advertised, marketed, promoted and sold by the corporate defendant war contractors, none of which made any effort to alert the United States Department of Defense (DOD) during the Viet Nam war and the Veterans Administration after the war about the presence of 2,3,7,8-tetrachloro dibenzo p-dioxin (TCDD or "Dioxin") as a contaminant in "Agent Orange," much less warn the government or the veterans about the dangers associated with dioxin exposure.[4]

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3 "Agent Orange" is the generic designation for the phenoxy herbicides used as defoliants to clear the jungles in Southeast Asia. See Appendix B. Bruce F. Meyers, "Soldiers of Orange: the Administrative, Diplomatic, Legislative, and Litagatory Impact of Herbicide Agent Orange in South Vietnam," 8 *Boston College Environmental Affairs Law Review*, 159, 160-178 (1979).

4 See Appendix C, Plaintiffs' Amended Verified Complaint dated June 20, 1979 MDL 381 document no. 0014, pp. 35-46, ¶¶ 79-117.

The common element in all the "Agent Orange" cases are the sales to the United States Department of Defense (DOD) of a contaminated herbicide to which all the troops who served in Viet Nam were exposed. If, because of failure to warn and design errors, "Agent Orange" was a defective product, it was defective as to all the allied soldiers who served in Viet Nam regardless of their place of residence or domicile. The plaintiff veterans and their families have offered to prove that none of the corporate defendant war contractors made any substantial efforts to reduce or eliminate the dioxin contamination of the phenoxy herbicides they manufactured and marketed. Thus, the Federal Government was sold a formulation which was defective in design and lacked adequate warning of the dangers associated with its use.

Judges Kearse and Van Graafeiland in the Court of Appeals majority and Chief Judge Feinberg in dissent all recognized the massive Federal interests at stake in this litigation. The relationship between the Government and its servicemen is "distinctively federal in character," and as such confers rights and duties on the United States that are uniquely Federal in nature. *United States* v. *Standard Oil Co.*, 332 U.S. 301, 305 (1947). The Second Circuit noted that "the government has an interest in the welfare of its veterans who have given of themselves in the most fundamental way possible in the national interest."[5] Also distinctively Federal in character is the relationship between the Government and its war contractors. *Stencel Aero Engineering Corp.* v. *United States*, 431 U.S. 666, 672 (1977).

That such significant Federal interests exist in this suit is reason enough to confer "federal question" jurisdiction under 28 U.S.C. 1331 upon the federal courts and warrant the application of a uniform rule of Federal common law. *Miree* v. *DeKalb County*, 433 U.S. 25 (1977); *Wallis* v. *Pan American Petroleum Corp.*, 384 U.S. 63 (1966).

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5 In Re: Agent Orange Product Liability Litigation, 653 F.2d 990; Petition for Certiorari, *Charles Chapman et al. v. Dow Chemical Company et al.*, Opinion of the Court of Appeals, November 24, 1980, Appendix, 21a, at 34a.

There are issues in the "Agent Orange" cases which will require the Courts to balance the duties and obligations of the war contractors who sold the contaminated herbicides to the DOD against the rights of the soldiers who were injured as a result of exposure to those dangerous and defective products. The Federal procurement interest must be weighed against the Federal interest in the welfare of American combat soldiers, and the safety of their allies. Can such issues present other than a "federal" question to the Courts? Where but to Federal common law is one to look to strike the proper balance?

Indeed, so compelling are the Federal interests and the need to resolve them in a manner which reflects the unique national character of this case, that if there were no established doctrine of Federal common law, this case would compel that it be fashioned by the Courts. That the federal interests involved are competing mandates that conclusion. Balancing the competing Federal concerns, cannot be left to the conflicting vagaries of the products liability laws of fifty individual states. Yet, if "federal question" jurisdiction does not exist and a uniform Federal common law rule is not applied, that is precisely what will occur. A lawsuit in which all the sovereign people of the United States and their Federal Government have an overwhelming interest, the outcome of which will have a profound effect on our national defense, is about to be decided according to the parochial dictates of each individual state.

Nevertheless, Judges Kearse and Van Graafeiland tell us that soldiers who fought shoulder-to-shoulder for the United States of America in the Southeast Asia Theater of Operations are to be treated unequally according to the local laws of their states of residence or domicile today.

Implicit in the right of the Federal Government to conscript troops for military service is the duty to prevent any third party from interfering with the relationship between the Federal

Government of the United States and its soldiers.[6] If the Federal Government is to draft young men (and perhaps women) to serve in the armed forces, control their conduct and, to a large extent, determine their fate, whether conscript or volunteer, then the federal government must assure these soldiers that the judicial system of the United States will protect them. This constitutional obligation—a basic element of federalsim—is non-delegable and cannot be left to some esoteric "choice of law" lottery conducted by the courts of fifty states.

There should be no doubt that a "federal question" exists in the "Agent Orange" cases sufficient to confer jurisdiction under 28 U.S.C. § 1331. Article I, Section 8 of the Constitution gives Congress the power to establish and maintain armed forces. Necessary and proper to the exercise of such power is the ability to protect servicemen:

> "For, the Federal Government has the exclusive power to establish and define the relationship (between itself and its soldiers) by virtue of its military and other powers, equally clearly it has power in execution of the same function to protect the relationship once formed from harms inflicted by others." *United States* v. *Standard Oil Co.*, 332 U.S. 301, 306 (1947).

Even in the absence of such a clear Constitutional source of authority, the power granted to Federal Courts to hear diversity suits requires the Courts to fashion rules of decision appropriate to the litigation. However, any attempt to give effect to the laws of fifty individual states would treat the plaintiff veterans, in a patently unequal fashion and deny to

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6 *United States v. Standard Oil*, 332 U.S. 301, 306 (1947); in *Feres v. United States*, 340 U.S. 135 (1950), the Supreme Court found a compelling interest in the welfare of the soldiers strong enough to override (without legislation) the clear intention of the Federal Tort Claims Act. Similarly, the Court in *Stencel Aero Engineering Corp. v. United States*, at 666, held that the relationship between the Government and its war contractors was strong enough (without legislation) to override state law considerations of indemnity.

more than 600,000 veterans and their families due process and the equal protection of the laws.[7]

Thus, there are two complementary sources which provide this Court with the "authority" which is a prerequisite for the application of Federal common law.

In the absence of definite Congressional action, Federal common law is the only rational basis upon which to decide a case which deals with the intimate relationships between American soldiers and the Federal Government, and between the Federal Government and its defense contractors. Indeed, this Court has already held that a question involving either relationship is sufficient to displace state law.[8] The "Agent Orange" cases go to the heart of the complex relationships among soldiers, veterans, war contractors, and the federal government.

Any litigation between American soldiers and the war contractors of the federal government must be determined in accordance with some uniform rule of Federal law. Where Congress has not explicitly promulgated such a law, the federal Courts are presented with a uniquely "federal" question and are free to fashion a uniform rule of federal common law. *City of Milwaukee et al.* v. *Illinois* ____ U.S. ____ (decided April 28, 1981; No. 79-408; *Illinois* v. *Milwaukee*, 406 U.S. 91; *U.S.* v. *Standard Oil (supra)*. The federal question presented by the "Agent Orange" cases would be sufficiently compelling were the only institutional relationship that of United States soldiers and the United States Government. However, more than 40,000 troops from the Commonwealth of Australia are also involved. They too have been afflicted with the same cancers and other degenerative diseases as their comrades in arms who wore American uniforms. Australian children have been born

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7 Of the more than 2.4 million American servicemen who served in Southeast Asia during the Vietnam War, more than 600,000 now reside in the 20 states which interpret statutes of limitations in such a way as to bar the veterans claims.

8 *United States v. Kimbell Foods, Inc.*, 440 U.S. 715 (1979); *United States v. Little Lake Misere Land Co.*, 412 U.S. 580, 591, 593-94 (1973).

with the same kinds of catastrophic polygenetic birth defects as the children of the American veterans.

Attempting to utilize state choice of law rules to fashion the decision for the "Agent Orange" cases would be an exercise in futility. Choice of law doctrine today is heavily tied to state interest analysis and requires that Courts attempt to work out a balance of state interests. It does not require the gift of prophecy, however, to foresee that such a venture is doomed to failure. Veterans and their families from each of the fifty states are suing a number of multi-national conglomerate chemical companies, incorporated in certain states (generally for convenience), but with their principal places of business in several other states. No state choice-of-law system can accommodate the diverse interests of all the parties to this litigation.

Affirming the Court of Appeals decision means that even if the absolute liability of the corporate defendant war contractors is clearly established, the veterans from twenty states may be denied the opportunity to litigate their claims because the limitations on personal injury and wrongful death actions in those states act to bar such actions long before the effects of the injury become clinically manifest.[9]

Deciding the "Agent Orange" cases under state law must inevitably lead to an irrational mix of choice of law decisions, favoring some veterans, penalizing others and assuring injustice to all parties.

It may seem easy to shrug a judicial shoulder and say, "lack of uniformity is the price of federalism" but quite another matter to explain that kind of federalism to an "Agent

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9 For example, New York's Civil Practice Laws and Rules, sec. 214(5) states an action to recover damages for a personal injury must be commenced within three years. The Court of Appeals of New York has interpreted this to mean that causes of action for negligence, and strict product liability accrue at the time of exposure to the agent that caused the injury upon which the action is based. Plaintiff's failure to discover the injury is immaterial to the time of accrual. *Thornton v. Roosevelt Hospital*, 47 N.Y.2d 780, 391 N.E.2d 1002, 417 N.Y.S.2d 920 (1979) (negligence); *Victorson v. Bock Laundry Machine Co.*, 37 N.Y.2d 395, 335 N.E.2d 275, 373 N.Y.S.2d 39 (1975) (strict product liability).

Orange" victim like Kerry Ryan who will be denied recovery because she was born in New York, while other more fortunate children will be fairly compensated because they were fortunate enough to be born in California. It will be even more difficult to explain this clear injustice to the Australian fighting men who volunteered to join the Americans in Southeast Asia.

CONCLUSION

The "Agent Orange" cases do not involve a choice between legislative and judicial action, but rather between Federal and state action. "Federal question" is the appropriate basis for jurisdiction and Federal common law must be applied to protect the Federal interests at stake. The spectre of the American obligation under the Southeast Asia Treaty Organization (SEATO) treaty haunts the "Agent Orange" victims. It was once their justification for being in Southeast Asia, and is now their reason for being in the Federal Courts.

It strains credulity to accept the notion that while all agree the "Agent Orange" litigation is solely concerned with federal interests, national security, and interstate and international commerce, there is insufficient "federal" interest to support "federal question" jurisdiction in the Federal Courts. Slamming the Courthouse door in the faces of the veterans from at least 20 states through mindless application of local statutes of limitation is a moral outrage that should not be tolerated under the laws of a land dedicated to equal justice under law.

Respectfully submitted,

VICTOR JOHN YANNACONE, JR.
(Counsel of Record for Petitioners)

AARON D. TWERSKI
ALBERT J. FIORELLA
W. KEITH KAVENAGH
YANNACONE & YANNACONE

APPENDIX A

UNITED STATES DISTRICT COURT

EASTERN DISTRICT OF NEW YORK

MDL NO. 381 (ALL CASES)

PRETRIAL ORDER NO. 26

IN RE

"AGENT ORANGE"
PRODUCT LIABILITY LITIGATION

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UNITED STATES DISTRICT COURT

EASTERN DISTRICT OF NEW YORK

MDL NO. 381 (ALL CASES)

PRETRIAL ORDER NO. 26

IN RE

"AGENT ORANGE"
PRODUCT LIABILITY LITIGATION

INTRODUCTION

Plaintiffs, Vietnam war veterans and members of their families claiming to have suffered damage as a result of the veterans' exposure to herbicides in Vietnam,[1] commenced these actions against the defendant chemical companies.[2] Defen-

1 Plaintiffs' complaints allege injury as a result of their exposure to a variety of herbicides including Agents Orange, Pink, Purple and Green. For convenience, the court will refer to these herbicides collectively as "Agent Orange".

2 At the present time 19 companies or divisions have been named as defendants in actions consolidated before this court as MDL 381. Alphabetically listed, the defendants named to date are: Agriseet, Inc.; Amchem Products, Inc.; Ansul Company; AKA Wormald America, Inc.; The Dow Chemical Company; GAF Corporation; Hercules, Inc.; Hoffman-Taff, Inc.; Hooker Chemical Company; Monsanto Company; Northwest Industries, Inc.; Occidental Petroleum Company; Private Brands, Inc.; Riverdale Chemical; Syntex Corporation; Thompson-Hayward Chemical Company; Uniroyal, Inc.. Although an individual action may name some of the chemical companies and not others, the courts will refer to these companies collectively as "defendants". *(footnote continued)*

dants, seeking indemnification or contribution in the event they are held liable to plaintiffs, then served third party complaints against the United States.[1] Five motions are now considered: (1) the government's motion to dismiss the third party complaint on grounds of sovereign immunity; (2) plaintiffs' motion for class action certification; (3) defendants' motion for summary judgment; (4) plaintiffs' motion to proceed with "serial trials"; and (5) plaintiffs' motion to serve and file a fifth amended verified complaint.

I.

SUMMARY OF CLAIMS

There are four groups of plaintiffs: Vietnam veterans, their spouses, their parents, and their children. They assert numerous theories of liability, including strict product liability, negligence, breach of warranty, intentional tort, and nuisance. Plaintiff veterans seek to recover for personal injuries caused by their exposure to Agent Orange. The family members seek to recover on various derivative claims; some of the children assert claims in their own right for genetic injury and birth defects caused by their parents' exposure to the Agent Orange; and some of the veterans' wives seek to recover in their own right for miscarriages.

In their third party complaints against the government defendants allege negligence, misuse of product, post-discharge failure to warn, implied indemnity, denial of due process and failure to comply with herbicide registration laws.

Additionally, some of these named defendants have sought dismissal from some actions on the ground that they did not manufacture any of the herbicides in question. In some cases, plaintiffs have consented to a conditional dismissal of those defendants.

3 As part of an on-going effort to avoid the service and filing of excessive quantities of duplicative papers, the court has deemed the answers and third party complaints of the defendants to be served in all actions.

II.

GOVERNMENT'S MOTION TO DISMISS THIRD PARTY COMPLAINTS

Moving to dismiss under FRCP 12(b)(6), the government claims "intra-military immunity" under the rule of *Feres v. United States*, 340 U.S. 135 (1950), questions defendants' standing to assert some of their claims, urges that other claims may only be considered in the Court of Claims, and argues the applicability of three statutory exceptions to federal court jurisdiction under the Federal Tort Claims Act: (1) the discretionary function exception, 28 USC § 2680(a); (2) the combatant exception, 28 USC § 2680(j); and (3) the foreign country exception, 28 USC § 2680(k).

A. FTCA AS A GENERAL WAIVER OF SOVEREIGN IMMUNITY

Under the Federal Tort Claims Act (FTCA), 28 USC §§ 1346(b) *et seq.*, the United States government waives its sovereign immunity from suits in tort, and vests jurisdiction over such claims exclusively in the United States District Courts. 26 USC § 1346(b). Its legislative history reveals two dominant congressional objectives. First, Congress sought to relieve itself of the overwhelming pressures and time consuming burdens of considering and passing upon the numerous private bills sought by claimants barred by the doctrine of sovereign immunity. *Feres v. United States*, 340 US 135, 139-140 (1950). Second, Congress sought to provide a judicial remedy for deserving claimants who had suffered injuries or losses at the hands of government officials and employees. 1 Jayson, *Handling Federal Tort Claims* § 65.01 at 3-3 (1980).

Although the FTCA "waives the Government's immunity from suit in sweeping language," *United States v. Yellow Cab Company*, 340 US 543, 547 (1951), the waiver is limited by the terms of the act's exceptions. If a claim falls within any exception to the FTCA, sovereign immunity has not been

waived and the court is without jurisdiction to hear the case. *United States v. Orleans*, 425 US 807, 814 (1976); *Dalehite v. United States*, 346 US 15, 30-31 (1953).

B. THE FERES DOCTRINE

In *Feres v. United States*, 340 US 135 (1950), the Supreme Court determined that the FTCA did not waive sovereign immunity with respect to claims of servicemen *arising out of activities incident to or arising out of their military service*. The *Feres* Court considered three separate cases, two claims of medical malpractice and the claimed negligent quartering of a serviceman in a barracks containing a defective heating unit. All three presented the same basic question: whether a serviceman who sustained injury due to the negligence of others in the armed forces could maintain suit under the FTCA. The Court recognized its task as one of statutory interpretation, stating: "The only issue of law raised is whether the Tort Claims Act extends its remedy to one sustaining 'incident to the service' what under other circumstances would be an actionable wrong." 340 US at 138. After carefully considering the limited legislative history on point, the *Feres* Court concluded that "the Government is not liable under the Federal Tort Claims Act for injuries to servicemen where the injuries arise out of or are in the course of activity incident to service." 340 US at 146. Since much of the government's immunity defense turns on the Supreme Court's decision in *Feres*, a more detailed analysis of that case is appropriate.

At the outset, the *Feres* Court recognized the difficulty of interpreting a statute having so little legislative history:

> There are few guiding materials for our task of statutory construction. No committee reports or floor debates disclose what effect the statute was designed to have on the problem before us, or that it even was in mind. Under these circumstances, no conclusion can be above challenge, but if we misinterpret the Act, at least Congress possesses a ready remedy.
>
> 340 US at 138.

Digging deeper, the Court uncovered two clues to Congress' intent in enacting the FTCA. First, because the relationship between the government and members of the armed forces is "distinctively federal in character," 340 US at 143, the Court determined that Congress did not intend the government's liability to members of the armed services to depend upon the law of the place where the soldier happened to be stationed at the time of injury:

> It would hardly be a rational plan of providing for those disabled in service by others in service to leave them dependent upon geographic considerations over which they have no control and to laws which fluctuate in existence and value.
>
> 340 US at 143.

Second, the Court examined Congress' failure to integrate a serviceman's possible remedy in tort with the statutory "no fault" compensation scheme provided under the Veterans Benefits Act and concluded that

> If Congress had contemplated that this Tort Act would be held to apply in cases of this kind [where a serviceman sued the government], it is difficult to see why it should have omitted any provision to adjust these two types of remedy [FTCA and Veterans Benefits Act] to each other. The absence of any such adjustment is persuasive that there was no awareness that the Act might be interpreted to permit recovery for injuries incident to military service.
>
> 340 US at 144.

A third factor supporting the "*Feres* doctrine" was later enunciated in *United States v. Brown*, 348 US 110 (1954), where the Supreme Court considered "[t]he peculiar and special relationship of the soldier to his superiors, the effects of the maintenance of such suits on [military] discipline, and the extreme results that might obtain if suits under the Tort Claims Act were allowed for negligent orders given or negligent acts committed in the course of military duty." 348 US at 112; *see*

also Stencel Aero Engineering Corp. v. United States, 431 US 666, 671-72 (1977).

Although it concluded that Congress did not intend to include in the FTCA's waiver of sovereign immunity injuries sustained by a serviceman incident to his service, the *Feres* Court freely admitted that the issue was not free from doubt, and it invited congressional correction by calling attention to Congress' ability to legislatively remedy any erroneous interpretation of the statute. 340 US at 138. Many courts have questioned the wisdom of the *Feres* decision,[4] but its continued vitality is beyond dispute even to them.[5] Moreover, Congress's failure for 30 years to amend the FTCA and legislatively "correct" the *Feres* holding is a *sub silentio* "acquiesc[ence] in the holding of *Feres*," *United States v. Lee*, 400 F2d 558, 561 (CA9 1968), *cert. denied*, 393 US 1053 (1969), that strongly suggests that the Supreme Court correctly interpretated congressional intent.[6]

Any doubt as to the validity of the *Feres* doctrine was laid to rest in *Stencel Aero Engineering Corp. v. United States*, 431 US 666 (1977), which extended the reach of the "well established doctrine of *Feres v. United States*" to third party claims against the government, 431 US at 670, see discussion,

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4 See, e.g., *Peluso v. United States*, 474 F2d 605, 606 (CA3), *cert. denied*, 414 US 879 (1973) ("If the matter were open to us we would be receptive to appellants' argument that *Feres* should be reconsidered, and perhaps restricted"); *Thomason v. Sanchez*, 398 F Supp 500, 503 (D NJ 1975) ("we previously expressed reservations about the continued validity of the broad *Feres* doctrine. Upon reconsideration we reiterate that concern.")

5 See *Peluso v. United States*, *supra*, at 606 ("[*Feres*] is controlling. Only the Supreme Court can reverse it."); *Thomason v. Sanchez*, 539 F2d 955, 957 (CA3 1976) ("[W]e are powerless to jettison Feres or to dislodge it sufficiently to create an exception [here].") See, also *Watkins v. United States*, 462 F Supp 980 (SD Ga 1977), *aff'd on opinion below*, 587 F2d 279 (CA5 1979).

6 This conclusion follows even though later decisions have repudiated some of the clues to intent that the Supreme Court relied upon in reaching that decision. See *Schwager v. United States*, 279 F Supp 262, 263 (ED Pa 1968).

infra.[7] Even the Third Circuit Court of Appeals, the court most critical of the *Feres* doctrine,[8] concedes *Feres'* continuing validity and broad application:

> Although the current climate of academic and judicial thought finds governmental immunity from suit in disfavor, a plausible explanation appears for its continued application to members of the armed forces injured while in the course of active duty, regardless of whether that injury is caused by the negligence of a superior officer or by a direct command. If claims for injuries sustained by members of the armed forces in the execution of military orders were subjected to the scrutiny of courts of justice, then the civil courts would be required to examine and pass upon the propriety of military decisions. The security and common defense of the country would quickly disintegrate under such meddling. "[A]ctions and essential military discipline would be impaired by subjecting the command to the public criticism and rebuke of any member of the armed forces who chose to bring a suit against the United States." *Jefferson v. United States*, 178 F2d 518, 520 (4th Cir. 1949), *aff'd sub nom. Feres v. United States*, 340 US 135 (1950). Even if we were inclined to reconsider the doctrine in connection with an injury sustained as a result of a deliberate military command, we are foreclosed from so doing by the Supreme Court's recent reiteration of the doctrine, although in a different context in *United States v. Testan*, 424 US 392 (1976).
>
> *Jaffee v. United States*, 592 F2d 712, 717 (CA3 1979) (citations and footnote omitted).

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7 See also *Jaffee v. United States*, 592 F2d 712, 717 (CA3 1979), *cert denied*, 441 US 961 (1979); *Dilworth v. United States*, 387 F2d 590, 591 (CA3 1967); *Buckingham v. United States*, 394 F2d 483, 484 (CA4 1968).

8 See e.g., *Thomason v. Sanchez*, 539 F2d 955 (CA3 1976); *Peluso v. United States*, 474 F2d 605 (CA 3), *cert. denied*, 414 US 879 (1973).

C. THIRD PARTY ACTIONS AGAINST THE GOVERNMENT

The same court that determined in *Feres* that the FTCA did not waive sovereign immunity with respect to claims by servicemen arising out of activities incident to their military service also decided *United States v. Yellow Cab Company*, 340 US 543 (1951), which held that the FTCA permits a tort defendant to implead the United States as a third party defendant under a theory of indemnity or contribution. This created a new question: whether such a third party claim may be maintained when plaintiff's direct claim against the government would be barred by the principles of *Feres*.

The Supreme Court did not consider this question until 1977, when, in *Stencel Aero Engineering Corp. v. United States*, 431 US 666 (1977), it resolved the "tension between *Feres* and *Yellow Cab*" by holding that third party claims against the government are barred

> for essentially the same reason that the direct action [against the government by plaintiff] is barred by *Feres*. * * * [T]he right of a third party to recover in an indemnity action against the United States recognized in *Yellow Cab*, must be held limited by the rationale of *Feres* where the injured party is a serviceman.
>
> 431 US at 670, 673-4.

To permit recovery against the government, the Court observed, "would be to judicially admit at the back door that which has been legislatively turned away at the front door." 431 US at 673, *quoting Laird v. Nelms*, 406 US 797, 802 (1972).

D. FERES/STENCEL IN THE CONTEXT OF THIS ACTION

To the extent that plaintiffs' complaints seek recovery against the defendant chemical companies, of course, the *Feres* doctrine has no application. 1 Jayson, *Handling Federal Tort*

Claims § 155.02 at 5-66 n.9 and 5-77 n.24. Under *Stencel Aero Engineering Corp. v. United States*, however, any damages recovered by plaintiffs against defendants that plaintiffs could not recover directly from the United States may not be the subject of a third party complaint against the United States. 1 Jayson, *Handling Federal Tort Claims* § 164 at 5-220.

> [N]either contribution nor indemnity may succeed without the support of the initial negligence. * * * [A]s the claimed contribution and indemnity must depend for success upon the alleged negligence of the Government towards plaintiffs, and that is a negligence which is not actionable, the claim must fail.
>
> *Drumgoole v. Virginia Electric and Power Company*, 170 F Supp 824, 825-26 (ED Va 1952)

See also *Stencel Aero Engineering Corp. v. United States*, 431 US 666 (1977); *Certain Underwriters at Lloyds v. United States*, 511 F2d 159 (CA5 1975); *Barr v. Brezina Construction Company*, 464 F2d 1141 (CA 10 1972). For the sake of clear presentation in this opinion, however, the court will consider plaintiffs' claims as if they were asserted directly against the United States government, for, to the extent that plaintiffs may not maintain actions directly against the government, under the principles of *Stencel Aero*, the defendants' third party claims against the government must fall as well.[9]

At the outset, it is clear that *Feres* applies to suits against individual servicemen,[10] claims by servicemen who served in

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9 For convenience the court will refer to the principle that the government is immune from third party claims that would be barred by *Feres* if directly asserted against the government as "*Feres/Stencel*."

10 *Tirrill v. MacNamara*, 451 F2d 579 (CA9 1971); *Bailey v. DeQuevedo*, 375 F2d 72 (CA3 1967), *cert. denied*, 389 US 923 (1967); *Misko v. United States*, 453 F Supp 513, 514 (D DC 1977), *aff'd*, 593 F2d 1371 (CA DC 1979); *Pisciotta v. Ferrando*, 428 F Supp 685, 686 (SDNY 1977).

Vietnam,[11] claims of intentional torts,[12] and claims styled as constitutional torts.[13] This leaves two issues: first, whether the court should apply the principles of *Feres/Stencel* to this action at all; and second, whether plaintiffs' injuries arose out of or were suffered "in the course of activity incident to service." *Feres v. United States*, 340 US at 146.

E. SHOULD *FERES/STENCEL* APPLY TO THIS ACTION?

The government seeks to dismiss the third party complaints on the ground that the claims of the defendant chemical companies are barred by a straightforward application of *Feres/Stencel* principles. Defendants, however, argue that the court should undertake "a detailed and fresh examination of the rationale underlying those holdings [*Feres* and *Stencel*] in the light of other great and * * * superceding policy considerations," Hercules/Diamond Shamrock/Monsanto Memorandum at 10, to determine if the *Feres* doctrine should be applied in this case.[14] In support, defendants cite the "number of occasions [the Supreme Court has] reexamined and redefined or abandoned certain reasons for its holding in [the *Feres*]

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11 *Rotko v. Abrams*, 338 F Supp 46, 47 (D Conn 1971), *aff'd*, 455 F2d 992 (CA2 1972); 1 Jayson, *Handling Federal Tort Claims* § 155.08[4][i] at 5-138.

12 *Citizens National Bank of Waukegan v. United States*, 594 F2d 1154 (CA7 1979); *Jaffee v. United States*, 592 F2d 712 (CA3 1979), *cert. denied*, 441 US 961 (1979); *Everett v. United States*, 492 F Supp 318, 321 (SD Ohio 1980); *Schmid v. Rumsfeld*, 418 F Supp 19, 21 (ND Cal 1979).

13 *Everett v. United States*, 492 F Supp 318, 322 (SD Ohio 1980); *Nagy v. United States*, 471 F Supp 383, 384 (D DC 1979); *Misko v. United States*, 453 F Supp 513, 515 (D DC 1978), *aff'd*, 593 F2d 1371 (CA DC 1978); *Calhoun v. United States*, 475 F Supp 1, 4-5 (SD Cal 1977), *aff'd on opinion below*, 604 F2d 647 (CA9 1979), *cert. denied*, 100 SCt 1029 (1980).

14 See also Dow's Memorandum at 28; Thompson-Hayward's Memorandum at 12; Hooker's Memorandum at 6.

case." Hercules/Diamond Shamrock/Monsanto Memorandum at 7.[15]

Defendants' attempts to reargue the underlying rationale of *Feres* must be rejected, however, for two reasons. First, *Feres* was a case of statutory interpretation. 340 US at 138. *Adams v. General Dynamics Corp.*, 385 F Supp 890, 891 (ND Cal 1974), *aff'd*, 535 F2d 489 (CA9), *cert. denied*, 432 US 905 (1976). Even were this court to believe the Supreme Court's reasoning to be erroneous,[16] neither the Court nor Congress itself has altered *Feres'* basic holding, that in enacting the FTCA Congress did not intend to waive sovereign immunity with respect to injuries or loss suffered by servicemen in the course of activity incident to their service.[17]

Second, in holding the government immune from claims by servicemen the Supreme Court was concerned with more than

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15 See also Dow's Memorandum at 16.

16 Although some of the principles relied upon by the *Feres* Court have since been discredited or repudiated, *see* 1 Jayson, *Handling Federal Tort Claims*, § 155.05 at 5-86 through 5-91, much of the Court's reasoning remains valid and persuasive. *Stencel Aero Engineering Corp. v. United States*, 431 US 666, 672-73 (1977); *Jaffee v. United States*, 592 F2d 712, 717 (CA3 1979), *cert. denied*, 441 US 961 (1979); *Coffey v. United States*, 324 F Supp 1088, 1087, 1088 (SD Cal 1971), *aff'd*, 455 F2d 1380 (CA9 1972).

17 That Congress, despite ample opportunity, has failed to right any possible judicial misinterpretation indicates the soundness of the *Feres* conclusion regardless of whether specific elements of the Court's reasoning remain valid. See United States v. Lee et al., 400 F2d 558 (CA9 1968), *cert. denied*, 393 US 1053 (1969), wherein the court found that

> Congress has acquiesced in the holding of *Feres* [by] permitting the decision to remain undisturbed for eighteen years. * * * "[W]hen the questions are of statutory construction, not of constitutional import, Congress can rectify our mistake, if such it was, or change its policy at any time, and in these circumstances reversal is not readily to be made.
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> 400 F2d at 561, quoting *United States v. South Buffalo Railway Company et al.*, 333 US 771, 774-75 (1948).

The reasoning of *Lee* is now twelve years stronger.

the effects of servicemen recovering against the government; the Court was also concerned about the disruptive effects caused by the very commencement of actions by servicemen complaining about the conduct of superiors. As the Court later observed in *United States v. Brown*, 348 US 110 (1954):

> The peculiar and special relationship of the soldier to his superiors, the effects of the maintenance of such suits on discipline, and the extreme results that might obtain if such suits under the Tort Claims Act were allowed for negligent orders given or negligent acts committed in the course of military duty, led the [Feres] Court to read [the Federal Tort Claims] Act as excluding claims of [servicemen for injuries incident to their service].
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> 348 US at 112.

Thus, it is the suit itself as much as the possibility of recovery, that the Supreme Court feared would disrupt military discipline and the orderly conduct of military affairs. *Henninger v. United States*, 473 F2d 814, 815-16 (CA9), *cert. denied*, 414 US 819 (1973). To reexamine the *Feres* rationale in light of the circumstances of this case as defendants suggest, would itself defeat one of the very factors defendants seek to have the court reconsider. As the Supreme Court noted long ago in discussing the relationship between a soldier and his superiors:

> An army is not a deliberative body. It is the executive arm. Its law is that of obedience. No question can be left open as to the right to command in the officer, or the duty of obedience in the soldier. Vigor and efficiency on the part of the officer and confidence among the soldiers in one another, are impaired if any question be left open as to their attitude to each other.
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> *United States v. Grimley*, 137 US 147, 153 (1890).

For these reasons, this court will neither reconsider the underlying rationale of the *Feres* decision nor weigh the cir-

cumstances here presented against the "*Feres* factors".[18] Right or wrong, the Supreme Court's conclusion that Congress did not intend passage of the FTCA to act as a waiver of sovereign immunity as to claims of servicemen injured incident to their service remains the law of the land. The *Feres/Stencel* doctrine bars defendants' attempt to seek contribution or indemnity from the United States based on any recovery plaintiffs may obtain for injuries that arose out of or were suffered incident to service.

F. DID PLAINTIFFS' INJURIES ARISE OUT OF OR INCIDENT TO MILITARY SERVICE?

The second issue is whether the claims of particular plaintiffs arose out of or in the course of activity incident to service. As professor Jayson has noted, "neither the [Federal Tort Claims] Act nor the opinions of the Supreme Court have indicated definitively the full meaning of the phrase 'incident to service' ". 1 Jayson, *Handling Federal Tort Claims* § 155.01 at 5-65.[19] This lack of definition complicates the task of applying the standard considerably, 1 Jayson *Handling Federal Tort Claims* § 155.01 at 5-65, but certain principles do emerge from an examination of the cases.

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18 Other courts have rejected similar attempts to reargue the "*Feres* factors" on a case-by-case basis. See e.g., Torres v. United States, 621 F2d 30, 32 (CA7 1980), (*Feres* applies even without nexus between military discipline and injury); *Joseph v. United States*, 505 F2d 525, 527 (CA7 1974) (denial of veterans benefits "completely independent" from consideration of applicability of *Feres* doctrine); *Henniger v. United States*, 473 F2d 814, 815-16 (CA9), *cert. denied*, 414 US 819 (1973) (although negligence at discharge does not affect military discipline, *Feres* still applies); *Healy v. United States*, 192 F Supp 325, 328 (SDNY 1961), *aff'd on opinion below*, 295 F2d 958 (CA2 1961) (availability of veterans benefits not controlling); *Morgan v. United States*, 366 F Supp 938, 939 (ND Fla 1973) (*Feres* bars claim even though plaintiff not subject to military discipline at time of injury); see also, 1 Jayson, *Handling Federal Tort Claims* § 155.02 at 5-74.

19 "The *Brooks—Feres—Brown* line of cases illustrates that the incident to service test is not easy to define and apply." *Woodside v. United States*, 660 F2d 134, 141 (CA6 1979).

1. General Principles

First, the phrase "incident to service" is not to be narrowly applied or "restricted to actual military operations such as field maneuvers or small arms instruction." *Hass v. United States*, 518 F2d 1138, 1141 (CA4 1975). Rather, "incident to service" is a broad concept that depends on a rational connection between the plaintiff's claim or loss and his status as a member of the armed forces. *Woodside v. United States*, 606 F2d 134, 141 (CA6 1979); *Harten v. Coons*, 502 F2d 1363, 1365 (CA 10 1974), *cert. denied*, 420 US 963 (1975). Professor Jayson summarizes this concept:

> [I]f the serviceman's injury or loss, when viewed in all the surrounding circumstances, has a real and substantial relationship to his military service, it will be regarded as incident to service and consequently barred under the *Feres* doctrine.
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> 1 Jayson, *Handling Federal Tort Claims* § 155.02 at 5-66.[20]

Second, the cases applying the *Feres* doctrine emphasize that "it is the *status* of the claimant as a serviceman rather than the legal theory of his claim which governs." *Rotko v. Abrams*, 338 F Supp 46, 47 (D Conn 1971) (emphasis added), *aff'd on opinion below*, 455 F2d 992 (CA2 1972).[21] Thus, the *Feres*

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20 See also *Healy v. United States*, 192 F Supp 325, 327 n.8 (SDNY 1961), *aff'd*, 295 F2d 958 (CA2 1961) ("special soldier-Government relationship which embraces the incident-to-service concept covers those wrongs which, although not sustained in the course of active duty, are so closely related to it that they may be deemed 'incident' to that duty"); 1 Jayson, *Handling Federal Tort Claims* § 155.02 at 5-79 through 5-80 ("in order for a claim to be service-incident, there does not have to be any proximate causation in the common-law tort sense, between the military service or employment in the damage. All that is required is that as an incident of his service or employment the claimant is placed in a position where he is surrounded with conditions giving rise to the claim").

21 See also *US v. Lee*, 400 F2d 558, 562 (CA9 1968), *cert. denied*, 393 US 1053 (1969); *Knoch v. United States*, 316 F2d 532, 534 (CA9 1963); *Frazier v. United States*, 372 F Supp 208, 210 (MD Fla 1973).

doctrine has barred the claims of off duty servicemen injured before leaving their military base, *Watkins v. United States*, 462 F Supp 980, 988-89 (SD Ga 1977), *aff'd on opinion below*, 587 F2d 279 (CA5 1979), of off duty serviceman injured while "hitching" a ride home on military aircraft, *Archer v. United States*, 217 F2d 548, 552 (CA9 1954), *cert. denied*, 348 US 953 (1955); *Fass v. United States*, 191 F Supp 367 (EDNY 1961), and the wrongful death claim of the widow of a serviceman killed in an air crash while receiving flight instruction toward a commercial pilot's license. *Woodside v. United States*, 606 F2d 134 (CA6 1979).

Third, at the time of his injury plaintiff need not be on any military mission. *Feres v. United States*, 340 US 135 (1950) (serviceman died when barracks he was sleeping in burned due to defective heating unit),[22] nor subject to military discipline, *Hall v. United States*, 451 F2d 353, 354 (CA1 1971) (no "connection between the activity which injured plaintiff and [military] discipline" necessary).[23]

Professor Jayson concisely and fairly synthesizes the "incident to service" cases as follows:

> The duty status of the serviceman-claimant is of particular significance in determining whether the injury or loss was incident to service. The [Supreme Court's rationale in *Feres/Stencel*] applies to almost every situation which can be envisaged in which the injury or loss was sustained by a serviceman while on duty (as distinguished from one who is on leave or furlough), and it seems safe to say that the *Feres* doctrine will always apply in such circumstances.
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> 1 Jayson, *Handling Federal Tort Claims* § 155.02 at 5-69 through 5-71.

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22 See also Hass v. United States, 518 F2d 1138, 1141 (CA 4 1975) (*Feres* bars claim of off-duty serviceman injured while riding a dangerous horse rented from a Marine Corps stable).

23 See also *Hass v. United States*, 518 F2d 1138, 1140 (CA 4 1975); *James v. United States*, 358 F Supp 1381, 1385 (D RI 1973), *aff'd*, 530 F2d 962 (CA1), *cert denied*, 429 US 998 (1976).

> [I]f the serviceman's injury or loss occurs while he is off duty, while he is not within the physical confines of his military base, while he is not engaged in any military discipline, it is likely that the *Brooks* doctrine allowing Tort Claims Act recovery will apply;[24] in other words, that the injury or loss will be regarded as not incident to service. It should be noted, however, that the application of *Brooks* generally requires all of the mentioned factual elements to be present.
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> Contrariwise, if the injury or loss occurs while the serviceman is on duty, or—without regard to whether he is on or off duty—if it occurs on the military base where he is stationed or on a military aircraft where he is directly under military control and discipline, or if it occurs while he is engaged in a military mission, it is likely that the *Feres* doctrine excluding the claim will apply. Again speaking generally, the presence of any one of the mentioned factual elements will bring application of the *Feres* doctrine.
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> Jayson, *Handling Federal Tort Claims* § 155.02 at 5-67 through 5-68.

2. Application of *Feres/Stencel* to Plaintiffs' Claims

(a) Plaintiff Veterans' Claims of Exposure

The veterans' claims of injury clearly arise from their alleged exposure to Agent Orange during their military service. While virtually all of the veterans allege that their exposure took

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24 In *Brooks v. United States*, 337 US 49 (1949), the Supreme Court held that a serviceman may recover under the FTCA on claims which have no relationship to his military service. Anticipating the issues ultimately considered in *Feres* one term later, the Court stated:

> we are dealing with an accident which had nothing to do with the Brooks' army careers, injuries not caused by their service except in the sense that all human events depend upon what has transpired. Were the accident incident to the Brooks' service, a wholly different case would be presented. We express no opinion as to it * * *.
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> 337 US at 52.

place in southeast Asia as a direct result of government efforts to defoliate the forests during the Vietnam war, the circumstances of each veteran's claimed exposure may vary. Some claim to have been directly sprayed with Agent Orange; some claim to have come into contact with Agent Orange as a result of being transported through sprayed areas; others claim to have been exposed to Agent Orange by ingesting water or food contaminated with the herbicide; and still others claim exposure during the transportation and handling of Agent Orange or its containers.

Whatever the facts surrounding a particular veteran's claim of exposure may be,[25] each veteran's presence in southeast Asia resulted solely from their military service, and, as to each veteran, "as an incident to his service or employement [he was] placed in a position where he [was] surrounded with conditions giving rise to the claim" of exposure. *See* 1 Jayson *Handling Federal Tort Claims* § 155.02 at 5-78 through 5-79. Even veterans who claim injury as the result of exposure to Agent Orange while off duty are within the parameters of the *Feres* doctrine because "when viewed in all the surrounding circumstances", a veteran's exposure in southeast Asia to a herbicide used for military purposes "has a real and substantial relationship to his military service * * * and consequently [his claim] is barred under the *Feres* doctrine." 1 Jayson, *Handling Federal Tort Claims* § 155.02 at 5-66.[26]

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25 Defendants' attempts in connection with this motion to require individual factual hearings on the circumstances of each veteran's exposure to Agent Orange must be rejected. Such rejection, however, does not preclude later examination of individual plaintiffs concerning the circumstances of their exposure to the extent that they may bear on other issues, *e.g.*, individual liability or damage questions.

26 See also *Woodside v. United States*, 606 F2d 134, 141 (CA6 1979) ("Where the two [the injury causing activity and the Armed Forces] are closely associated or naturally related, the activity will be deemed "incident to service" even though not an essential or integral part of the mission of the Armed Forces and even though not directly involving a command relationship between the soldier and the military").

The analysis is similar for those veterans who claim that their exposure to Agent Orange occurred within the United States or places other than southeast Asia during their military service. Their handling, transportation or distribution of Agent Orange during the course of their military duties was incident to their service, and their claims are equally barred under the *Feres* doctrine.

(b) Post-Discharge Failure to Warn

Only one of plaintiff veterans' claims does not fall easily under this analysis, i.e., that defendants breached a post-discharge duty to the veterans by failing to notify them of new scientific information concerning the possible harm that could result from exposure to Agent Orange. Plaintiff veterans allege that defendants' failure to inform them of possible dangers associated with exposure to Agent Orange prevented them from seeking more frequent medical examinations and thereby insuring early detection and treatment of disease. Defendants seek indemnity and contribution from the government on this claim too.

Defendants rely on three cases in opposition to the government's motion to dismiss these "post-discharge" claims: *Schwartz v. United States,* 230 F Supp 536 (ED Pa 1964); *Thornwell v. United States,* 471 F Supp 344 (D DC 1979); *Everett v. United States,* 429 F Supp 318 (SD Ohio 1980).

In *Schwartz v. United States* a serviceman treated for a sinus condition during the course of his military service had a radioactive dye, umbrathor, inserted into his sinus. After discharge from the military, plaintiff sought additional medical treatment for his sinus difficulties, but the Veterans Administration hospital that considered his treatment failed to obtain and examine his medical records, and, as a result of the hospital's negligence, the continued presence of the earlier-inserted umbrathor went undetected. As a result plaintiff contracted cancer. The court held that *Feres* did not bar plaintiff's claim against the government, because plaintiff's claim of negligence lay not in the original insertion of the umbrathor at the time he was in the military; rather, the court found that the actionable negligence was the hospital's failure to take reason-

able steps to diagnose and solve plaintiff's problem, the continued presence of the umbrathor in his sinus. 230 F Supp at 539-40. The court further opined that the government was negligent for its failure to follow-up its umbrathor patients in order to inform them of newly discovered dangers associated with the drug. 230 F Supp at 540.

In the second case relied on by the defendants, *Thornwell v. United States*, a former serviceman alleged that he was intentionally drugged with LSD as part of a secret government experiment and that the government negligently failed to warn plaintiff that his exposure to the drug subjected him to certain medical risks. The *Thornwell* court, noting the difficulties that courts encounter when the acts complained of commence while plaintiff is on active duty and then continue until well after discharge, 471 F Supp at 350, held that Thornwell's claim against the government was not barred by the principles of *Feres* because he did not allege merely continuing negligence. Rather,

> [h]e claim[ed] that he was *intentionally* harmed while he was on active duty and he further claim[ed] that, after he became a citizen [left the military], the defendants failed to exercise their duty of care by neglecting to rescue him from the position of danger which they had created, * * * two distinctly separate patterns of conduct, one intentional and [one] negligent.
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> 471 F Supp at 351.

The *Thornwell* court then found that plaintiff had alleged "two entirely different torts", and since the "complaint [was] perfectly clear in its allegation that the negligent act occurred, *in its entirety*, after [plaintiff] attained civilian status", 471 F Supp at 351 (emphasis in original), plaintiff's claim of governmental negligence was not barred by *Feres*. *Id.* The *Thornwell* court divided the cases involving servicemen's claims of post-discharge negligence into three types:

> To summarize the relevant precedent, it appears that there are three types of personal injury cases which involve

> post-discharge negligence. In the first case, the military performed separate negligent acts (i.e. two improper operations), one before, and one after, discharge; *United States v. Brown*, 348 US 110, and *Hungerford v. United States*, 192 F Supp 581 (ND Cal 1961), *rev'd on other grounds*, 307 F2d 99 (9th Cir. 1962), both clearly indicate that the injured veteran may recover for the later act. In the second case, a single negligent act occurs and its effects linger after discharge; *Feres v. United States*, 340 US 135 (1950), holds that, under some circumstances, this one act is subject to intra-military immunity. Third, the military may commit an intentional act and then negligently fail to protect a soldier turned civilian from the dire consequences which will flow from the original wrong. This court holds that, under such circumstances the injured civilian may have a valid claim against the tort feasors. The later negligence is a separate wrong, a new act or omission occurring after civilian status is attained; the perpetrators of this wrong must be held accountable for their conduct.
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> 471 F Supp at 352.

In defendants' third case, *Everett v. United States*, 492 F Supp 318 (SD Ohio 1980), the wife of a deceased serviceman sued the government claiming that her husband's death by cancer was the result of his being intentionally exposed to large doses of radiation when he was forced to participate as an Air Force enlisted man in military maneuvers in a nuclear blast area less than one hour after detonation of the nuclear device. Plaintiff argued that her husband's march through the hazardous area was part of an experimental project to test the effects of nuclear radiation. Refusing to dismiss plaintiff's claim of post-discharge negligence, the *Everett* court found that the fact picture "properly falls in the third category" of the *Thornwell* analysis—intentional act incident to service, plus a separate wrong of post-discharge negligence. 492 F Supp at 325.

These cases are distinguishable from the facts at bar in several important respects. First, unlike the *Schwartz* case, the post-discharge negligence asserted here is not separate and distinct from the numerous acts of negligence alleged to have occurred incident to plaintiff's service. Schwartz, who sought medical treatment after his discharge, had a predischarge condition that was improperly diagnosed and negligently treated after discharge. That the condition arose due to government installation of the umbrathor in plaintiff's sinus while he was a serviceman does not alter the fact that the governmental negligence occurred, in its entirety, long after plaintiff became a civilian. Unsupported dicta aside, *Schwartz* stands only for the proposition that recovery for negligent performance of post-discharge medical treatment is not barred merely because the original condition arose from medical treatment that is not actionable under *Feres*.

Thus, *Schwartz* properly falls under *Thornwell*'s "first case", where "the military performed separate negligent acts (i.e., two improper operations), one before, and one after, discharge". 471 F Supp at 352. Here, plaintiff's claim of post-discharge failure to warn does not present a separate and distinct act of post-discharge negligence on the part of the government. Of course, any veteran in this case who faces a situation analogous to *Schwartz*, that is, who seeks post-discharge medical assistance from the government for an Agent Orange related malady and is negligently treated at a government hospital, may prosecute his claim for negligent treatment without the *Feres* impediment.

Second, unlike the *Thornwell* and *Everett* cases, plaintiffs here do not allege that the government caused them intentional harm by subjecting them to a form of human experimentation. *Thornwell*, joined by *Everett*, emphasized the distinction between cases of predischarge torts that were intentional and those that were negligent:

> Mr. Thornwell * * * does not allege a mere continuing negligent omission [which would be barred by *Feres*]. He claims he was *intentionally* harmed while he was on active

> duty and he further claims that, after he became a civilian, the defendants failed to exercise their duty of care by neglecting to rescue him from the position of danger which they had created * * * Mr. Thornwell's claims for in-service, and out-of-service, injuries, certainly involve two distinctly separate patterns of conduct, one intentional and [one] negligent.
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> 471 F Supp at 351 (emphasis in original)

Thus, both the *Thornwell* and *Everett* courts were presented with the "third case" in the *Thornwell* analysis, where the military "commit[s] an intentional act and then negligently fail[s] to protect a soldier turned civilian from the dire consequences which flow from the original [intentional] wrong." 471 F Supp at 352. Here, the parties do not dispute that the government's motives in using Agent Orange in southeast Asia were valid military objectives: defoliate jungle growth to deprive enemy forces of ground cover and destroy enemy crops to restrict enemy's food supplies. Unlike *Thornwell* and *Everett*, plaintiffs here do not allege that the government committed "an intentional act and then negligently fail[ed] to protect [them]", *Thornwell v. United States* 471 F Supp at 352; *Everett v. United States*, 492 F Supp at 325. Accordingly, the facts at bar do not present the "third case" of the *Thornwell* analysis.

If this case fits within the *Thornwell* analysis at all, it is the "second case", where "a single negligent act occurs and its effects linger after discharge." 371 F Supp at 352. Despite all the inconsistencies pervading this difficult area of analysis, "it is clear, at the very least, that a mere act of negligence which takes place while the plaintiff is on active duty and which then remains uncorrected after discharge, is not grounds for suit". *Thornwell v. United States*, 471 F Supp at 351.

Plaintiff's complaints here neither allege nor support a conclusion that the post-discharge failure to warn was sufficiently separate and distinct from the underlying "incident to service" tort claims. Moreover, the *Feres* doctrine bars claims that are not only "incident to service" but also those which, like these, "arise out of" military service. The injuries here

alleged are "inseparably entwined" with, and directly related to, plaintiffs' military service, *see Healy v. United States*, 192 F Supp 325, 328 (SDNY 1961), *aff'd on opinion below*, 295 F2d 958 (CA2 1961); *Kilduff v. United States*, 248 F Supp 310, 312 (ED Va 1960); 1 Jayson, *Handling Federal Tort Claims* § 155.08[3][b] at 5-124. The important and well established principles of the *Feres* doctrine cannot be circumvented by inventive presentation or artful pleading which attempts to create an actionable post-discharge claim out of what is in reality a claim of continuing neglect. *See Thornwell v. United States*, 471 F Supp at 352.

(c) The Australian Veterans' Claims

The above analysis applies with equal force to the claims of the Australian veterans.[27] The only reported case on point, *Daberkow v. United States*, 581 F2d 785 (CA 9 1978), reached a similar conclusion. There, the claims of a West German serviceman, killed performing duties incident to a joint military activity conducted by the United States and West German governments, were held barred under *Feres*. The *Daberkow* court undertook an analysis of the three "*Feres* factors" and concluded that *Feres* applies with equal force to foreign servicemen injured incident to joint military activities because: (1) the scope of the United States government's liability should not depend on the fortuity of the location of any serviceman's duty station, whether that serviceman is an American or foreign serviceman; (2) the foreign government there involved had provided a means of compensating veterans and their families for injuries incident to service; and (3) the possible disruption of military discipline resulting from servicemens' claims is similar whether the serviceman is American or not. 581 F2d at 788.

Here, the claims of the Australian plaintiffs clearly fall within the *Daberkow* analysis. The Australian plaintiffs con-

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27 In *McMillan v. Dow*, CV 80-1143 (EDNY GCP), and *Elder v. Dow*, CV 80-1241 (EDNY GCP), 270 plaintiffs, all claiming to have been Australian war veterans who had served jointly with American Forces in Vietnam, seek damages for injuries caused by Agent Orange.

cede that their presence in southeast Asis during the period in question was the direct result of their country's participation in joint military operations with the United States, memorandum of Australian plaintiffs at 3, and they acknowledge the existence of a compensation scheme for Australian veterans similar to that provided by the United States government. Memorandum of Australian plaintiffs at 8. Moreover, to rule that the United States government has waived sovereign immunity with respect to the tort claims of foreign servicemen but not with respect to the claims of American servicemen would distort the underlying purposes of the FTCA, defy common sense, and almost certainly be contrary to the intent of an elected Congress. Since the court determines that the Australian veterans could not maintain an action directly against the United States, defendants in turn may not maintain their third party action for indemnity or contribution based on any recovery the Australian veterans may obtain from them. *Stencel Aero Engineering Corp. v. United States,* 431 US 666 (1977).

(d) Derivative Claims of Spouses, Parents and Children

Although the *Feres* doctrine does not apply to the servicemen's next of kin insofar as their own direct injuries or deaths are concerned, 1 Jayson, *Handling Federal Tort Claims* § 156 at 5-142 through 5-143 and cases cited therein, *Feres* bars suits by a serviceman's family for damages resulting from injuries the serviceman suffered incident to service, 1 Jayson, *Handling Federal Tort Claims* § 156 at 5-144, even where the derivative action is technically personal in character (e.g., wrongful death, loss of consortium). *Van Sickel v. United States,* 285 F2d 87, 91 (CA9 1969). This principle is demonstrated by *Feres* itself, where two of the three suits barred in that decision were wrongful death actions instituted on behalf of widows of servicemen who had died from injuries suffered incident to their service. *Feres v. United States, United States v. Griggs,* 340 US 135 (1950). (Deciding appeals from *Feres v. United States,* 177 F2d 185 (CA2 1949), and *Griggs v. United States,* 178 F2d 1 (CA 10 1949)).

Further, application of this rule bars claims of mental anguish suffered by family members, *DeFont v. United States*, 453 F2d 1239, 1240 (CA1 1972), *cert. denied*, 407 US 910 (1972) (wife's mental anguish over inadequate care provided serviceman husband not separate and distinct claim under *Feres*), and also bars the claims of veterans' spouses who allege damages that actually were the result of harm done to servicemen, *Harten v. Coons*, 502 F2d 1363, 1365 (CA 10 1974), *cert denied*, 420 US 963 (1975) (mother of accidentally conceived child cannot recover for negligent vasectomy performed on serviceman husband).

Applying these principles to the case at bar, it is clear that members of the veterans' families may not maintain actions against the United States based on their derivative claims (e.g., loss of society, comfort, companionship, services, consortium, guidance and support), or claims that result from a serviceman's injury (e.g., miscarriage). Accordingly, under the principles of *Stencel Aero*, the defendants may not seek indemnity or contribution from the United States for any liability imposed on them for claims of this nature.

(c) Claims of Direct Injury to Veterans' Children

Only the veterans' children's claim of direct injury requires additional analysis. Here, children of Vietnam veterans allege that they have suffered genetic and somatic injury as a result of a parent having been exposed to Agent Orange. This presents the difficult question of whether the injuries suffered by these children, who are not and never were members of the military, are derivative injuries suffered "incident to or arising out of military service," or whether they are direct injuries independent of those of their parents.

The closest precedent is *Monaco v. United States*, No. C 79-0860 (ND Cal Nov. 2, 1979), where plaintiff, the daughter of a serviceman exposed to radiation during his military service, claimed the government's negligence towards her father caused her to be affected with "chromosomal and genetic change" which in turn resulted in her being born with a birth defect. *Monaco v. United States*, slip op. at 3. There, the

court held that "[t]he test of *Feres* is whether plaintiff's injuries have as their genesis injuries allegedly sustained incident to the performance of military service," slip op. at 3, and found plaintiff's claim barred under this standard because "[plaintiff's] injuries are directly related to and arise out of the injury sustained by her father at the time he was a member of the United States Army." Slip op. at 4.

In the case at bar, the children's claims of genetic and physical harm are indirect because they arise only as the result of injuries to their veteran parents.[28] The injuries alleged by the children had their genesis in the exposure of their parents and, assuming that Agent Orange could produce the genetic changes alleged, the injuries were inflicted on the serviceman at the time of exposure. Thus, although Agent Orange may ultimately be found to have caused injuries in subsequently conceived children, those injuries, nevertheless, arose out of and were incident to the service of the parent. To hold otherwise might open the door for governmental liability to countless generations of claimants having ever diminishing genetic relationship to the person actually injured.

For these reasons, the court holds that the children's claims for genetic injury and birth defects from Agent Orange exposure of their veteran parents are injuries suffered "incident to and arising out of service" under *Feres* and cannot be recompensed in an action maintained directly against the government. Consequently, the defendants may not seek indemnity or contribution against the United States for any liability they ultimately may incur as a result of these claims. *Stencel Aero Engineering Corp. v. United States*, 431 US 666 (1977).

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28 Somewhat analogous is *Harten v. Coons*, 502 F2d 1363 (CA 10 1974), *cert denied*, 420 US 963 (1975), where a serviceman and his wife sued the United States for the costs of raising a child accidentally conceived after a negligent vasectomy on the husband. There, the court considered only the damage done to the husband and dismissed the complaint under *Feres* without regard to the wife's claim of independent injury. 520 F2d at 1364.

G. DEFENDANTS' REMAINING CLAIMS AGAINST THE UNITED STATES

Defendants have sought to style the remaining claims of their third party complaints in terms of constitutional deprivation and torts committed directly against them by the United States. This appears to be another exercise in pleading in an attempt to avoid statutory jurisdictional problems because, notwithstanding the defendants' characterizations, these remaining claims against the government are not tort claims; rather, they are essentially contractual in nature and must be so treated.

Congress has conferred on the courts jurisdiction over contract claims that is different from that over tort claims. Under the Tucker Act, 28 USC § 1491, jurisdiction for any claim founded upon an express or implied contract with the United States is conferred on the Court of Claims, where cases sounding in tort may not be maintained. The United States District Courts have concurrent jurisdiction over contract claims, but only when the claim does not exceed $10,000. 28 USC § 1346(a)(2). Here, it is beyond dispute that defendants' remaining third party claims against the government involve more than the $10,000 that deprives this court of jurisdiction over them. Consequently, the government's motion to dismiss must be granted as to the remaining claims. Of course, dismissal of defendants' third party claims here is without prejudice to defendants' right to pursue their claims against the government in the proper forum.

H. OTHER CLAIMS OF IMMUNITY

Arguing in the alternative, the United States seeks to dismiss defendants' third party complaints under three statutory exceptions to the FTCA: the combatant exception, 28 USC § 2680(j) (immunity not waived for "[a]ny claim arising out of the combatant activites of the military * * * during the time of war"); the foreign country exception, 28 USC § 2680(a) (immunity continues for "act or omission of an employee of the government * * * based upon the exercise or performance or

the failure to exercise or perform a discretionary function or duty on the part of [the government]").

Notwithstanding the apparent application of these exceptions to some of the claims here asserted, the court's determination that the *Feres/Stencel* doctrine operates to bar all tort claims advanced in the third party complaint makes it unnecessary to consider whether these exceptions do apply.

For all these reasons, the government's motion to dismiss the third party complaints is granted, and the third party complaints against the government deemed to have been made in all actions under MDL 381, are dismissed.[29]

III.

THE CASE MANAGEMENT PLAN

There have been pending for some time motions by various parties urging the court to make various orders affecting the overall management of this action, including such matters as class action treatment, summary judgment, discovery, and division of the action into various parts for pretrial and trial purposes. The court has reserved decision on all these motions pending resolution of two major questions that greatly affect how the case might be managed efficiently: (1) whether the United States was to be a party to the action, and (2) whether jurisdiction lies under federal common law or whether the principle and consequences of diversity jurisdiction must be considered. Now that both of these questions have been

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29 Plaintiffs are cautioned that the issues here are, to some extent, novel, and the strong arguments advanced by all parties should make it clear that the views expressed and rulings made in this decision are not entirely free from doubt. Accordingly, any plaintiff who believes that [s]he may have a valid claim against the United States government in the event that one or more of the above rulings are ultimately reversed on an appeal from this court's decision, should protect his/her interests to the greatest extent possible by filing a notice of claim form (Standard Form 95) with the proper agency of the United States government and taking whatever additional steps may be necessary to protect his/her rights.

answered,[30] it is time to get on with orderly discovery and ultimate disposition of the litigation.

In developing the case management plan described in this section, the court has weighed and considered many problems presented by this litigation. Some of them are:

1. There are a large number of plaintiffs and potential plaintiffs who claim to have been injured by exposure to Agent Orange. There are now approximately 167 suits pending in the Eastern District of New York involving over 3,400 plaintiffs. The court has been informed that there are many thousands more who have, at the court's request and pending decision of the class action motion, refrained from bringing individual actions.

2. There are numerous chemical companies named as defendants.[31] The fact that they may have had differing degrees of involvement in manufacturing and supplying Agent Orange for the government may or may not cause differing levels of responsibility for the effects of Agent Orange on plaintiffs.

3. The present plaintiffs come from most of the 50 states and from Australia. This may require consideration of

30 The first question is answered by the earlier part of this memorandum and order. The second question was answered by a decision and order of the Second Circuit Court of Appeals dated November 24, 1980 (Feinberg, C.J. dissenting) which held that this litigation should not be governed by federal common law, but rather must be controlled by the laws of the several states applied under diversity of citizenship principles. Technically, that question is still open because plaintiffs have filed a petition for en banc consideration by the Second Circuit. In addition, plaintiffs have indicated their desire to have the issues reviewed by the United States Supreme Court. However, enough light has now been shed on the problems to permit substantial progress in the trial court regardless of future actions by the Second Circuit or the Supreme Court. Managing this case under diversity of citizenship principles is by far the more difficult route to travel, but the court feels that it can develop a plan for efficient management even without the aid of federal common law for jurisdiction and for substantive law purposes. If further review of the federal common law issue produces a change, then the remaining work of the court and of all parties will be simplified and the management plan can be easily adapted at that time.

31 See footnote 2 *supra*.

varying standards of conduct, rules of causation and principles of damages that may substantially affect the results in individual cases.

4. The causation issues are difficult and complex. Clearly this is not the "simple" type of "disaster" litigation such as an airplane crash involving a single incident, having a causation picture that is readily grasped through conventional litigation techniques, and presenting comparatively small variations among the claimants as to the effects upon them of the crash. With the Agent Orange litigation, injuries are claimed to have resulted from exposure to a chemical that was disseminated in the air over southeast Asia during a period of several years. Each veteran was exposed differently, although undoubtedly patterns of exposure will emerge. The claimed injuries vary significantly. Moreover, there is a major dispute over whether Agent Orange can cause the injuries in question, and there are separate disputes over whether the exposure claimed in each case did cause the injuries claimed. The picture is further complicated by the use in Vietnam of other chemicals and drugs that also are claimed to be capable of causing many of the injuries attributed to Agent Orange.

5. The litigation presents numerous questions of law that lie at the frontier of modern tort jurisprudence. Among them are questions of enterprise liability, strict products liability, liability for injuries that appear long after original exposure to the offending substance, and liability for so-called genetic injuries.

6. Many of the people exposed to Agent Orange may not even yet have experienced the harm it may cause.

7. Numerous scientific and medical issues are presented, and there are serious questions of whether there is adequate data to reach scientifically sound conclusions about them. There is the further question of whether legally permissible conclusions may nevertheless be reached on data that would not permit "scientific" conclusions.

8. Various agencies of the government have expressed concern but as yet have shown little tangible action about

the problems claimed to have been caused by the government's use of Agent Orange.

9. There are important and conflicting public policies that run as crosscurrents through many phases of both the substantive and procedural problems of this litigation.

10. There is a wide choice available among the many procedural devices that could be used for addressing and ultimately deciding this controversy.

All of these problems are compounded by the practical realities of having on one side of the litigation plaintiffs who seek damages, but who have limited resources with which to press their claims and whose plight becomes more desperate and depressing as time goes on, and having on the other side defendants who strenuously contest their liability, who have ample resources for counsel and expert witnesses to defend them, and who probably gain significantly, although immeasurably, from every delay that they can produce.

Overarching the entire dispute is a feeling on both sides that whatever existing law and procedures may technically require, fairness, justice and equity in this unprecedented controversy demand that the government assume responsibility for the harm caused our soldiers and their families by its use of Agent Orange in southeast Asia.

Out of these and other problems it is this court's task as the transferee judge in this multidistrict litigation to supervise and manage the action so as to bring it to a "just, speedy and inexpensive determination," Rule 1 FRCP, either in this court, or if that is not possible, then in the transferor courts after completion here of as much of the litigation as may fairly and reasonably be resolved under the supervision of this single judge.

With the foregoing and other problems in mind, the court has considered a variety of possibilities for managing this multidistrict litigation. Each possibility has both advantages and disadvantages. Among the numerous possibilities are the following:

1. Transfer all actions to the Eastern District of New York for trial before this court.

a. Advantages: All parties would know precisely where they stand, and how the action would be handled. There would tend to be consistency in the results to the extent permitted by the varying applicable laws.

b. Disadvantages: Handling the cases would take the full time of this court, which would be able to handle no other cases, a result that would be unfair not only to the other judges in the Eastern District of New York who are already overburdened with one of the heaviest criminal workloads in the nation, but also to other civil litigants in the Eastern District, who would be further delayed in getting their cases to trial. Moreover, to separately try these actions would take far too long a time; probably neither the litigants not this court would live long enough to see the last case tried.

2. Supervise all discovery, prepare a pretrial order, and then remand the cases for separate trials in the transferor districts around the country.

a. Advantages: This is by far the easiest course of action for this court to take. In many MDL cases this is an acceptable and proper technique and achieves all of the MDL benefits available to those cases. It accomplishes coordinated discovery, a single plan for processing up through the pretrial order, and a shared workload in the actual trial of the individual actions.

b. Disadvantages: This technique would require separate trials of each action in the transferor courts, a technique that would be repetitious and wasteful with respect to the issues that are common to all actions. Although testimony of key expert witnesses might be made available to each of the transferor courts through use of videotape so that the need for those witnesses to personally appear at each trial would thereby be eliminated, the opportunity to cross-examine the experts on special problems that relate to the individual plaintiffs would still be lost. The greatest disadvantage of this method is that it would place unnecessary burdens on each of the transferor judges, each of whom would have to struggle with identical legal and factual issues, and it

would thus fail to reach the level of judicial efficiency and economy that MDL procedures were designed to achieve.

3. Coordinate discovery and other pretrial work, consolidate the actions for trial of the common issues of fact and law, and then remand to the transferor districts for separate trials of the individual issues such as specific causation and damages.

a. Advantages: A single trial of common issues has obvious benefits in economy and efficiency. Spreading to other courts the workload of trying individual cases at least makes a judicial solution to this litigation possible in terms of time and workloads.

b. Disadvantages: The consolidation technique addresses only the pending actions, that is, it involves those situations where the plaintiff has seized the initiative and brought suit. However, there are many people with valid claims who for one reason or another have not asserted them by bringing suit and who would therefore not recover for damages inflicted, including damages of which they might not yet even be aware.

4. Certify the litigation as a class action, using all the flexibility of that device, including subclasses, to determine common issues before this court and ultimately determine the individual issues either under the direct supervision of this court or after remand to other courts.

a. Advantages: Class action treatment would give this court full control over the entire litigation. Any determinations reached in the class action would bind all defendants as well as all members of the class except those who chose to opt out, and as to them, their suits could be consolidated for joint trial with the class action. By use of subclasses to be certified as the need later arises, additional trials on issues common to identified subclasses may be conducted either here in the Eastern District of New York, or by the transferor courts after remand, or by a combination of both. This method provides the greatest flexibility and the greatest opportunity for judicial efficiency and economy of time and money.

b. Disadvantages: The disadvantages with class action treatment lie largely in technical and procedural problems that have arisen with the class action device in other contexts. Such problems have proved particularly troublesome in the context of mass tort cases. Having considered carefully the nature of those technical problems, this court is satisfied that they can be overcome by following the case management plan described in this section and the steps described under the section entitled "Class Action".

After considering the submissions and arguments of the parties and after weighing all of the foregoing and many other considerations, the court has developed the following plan for management of the Agent Orange litigation assigned to it under MDL No. 381:

1. Class action. The Agent Orange litigation will be certified as a class action under FRCP 23(b)(3). (See discussion below entitled "Class Action").

2. Statutes of limitations. The court will take up immediately the problems of statutes of limitations. (See discussion below entitled "Statutes of Limitations").

3. Separate trials of some issues. Whenever common issues are presented, a common trial should be had, if practicable. These trials will be held as promptly as possible in the Eastern District of New York, preserving at all times the parties' right to a jury trial when properly demanded. Plaintiffs have moved for so-called "serial" trials, describing in some detail the issues they would like tried and the order in which they should be tried. Except insofar as plaintiffs' plan is adopted by this decision, that motion is denied. As appears in the discussion below entitled "Summary Judgment" there is an issue that can be separately tried at the threshold of this action: whether the defendants are protected by the "government contract defense". The court intends to try that issue separately. After that, if needed, there may be an additional trial addressing liability questions such as negligence, product liability, and general causation, where a jury will be able to hear all of the evidence relating

to the development, manufacture and use of Agent Orange, and the scientific and medical evidence relating to its potential effects, and report its findings in carefully drafted special verdicts. Those special verdicts can then serve as a framework for later disposition of the issues of individual causation (whether a particular veteran was exposed, to what degree, and with what results) and damages. The court has not yet determined whether the individual issues can be best resolved under the direct supervision of this court or by remand of subclass actions to transferor courts for processing in ways appropriate to the circumstances of the subclasses. Those determinations necessarily must be made at a later date.

4. Discovery. Until now the Court has stayed all discovery except that conducted voluntarily. That stay will now be lifted, and mandatory discovery shall now proceed according to the plan described in the section below entitled "Discovery".

5. Miscellaneous.

a. Plaintiffs' motion to amend the complaint by adding the United States government and many of its officials on a theory of constitutional tort is denied. The issues sought to be raised by plaintiffs through the amendment are sufficiently different from those presented by this already complex litigation to require that the constitutional claims against government officials and the government itself be pursued by one or more separate actions, if plaintiffs are so inclined. Denial of the motion, therefore, is without prejudice to whatever rights plaintiffs may have to assert those claims in separate proceedings.

b. Jurisdiction and pleadings. There is some confusion as to the precise state of the pleadings in the many pending actions. The court has not yet determined what precise disposition will be made of the various individual actions in light of the class certification. Unless a party files in a particular action a notice disclaiming the benefit afforded by the following, all of the pleadings in all cases now or hereafter filed under MDL 381 are deemed amended as follows:

1. The complaints are deemed amended to allege the residence of the plaintiffs, and to name and allege the residence of each of the defendants whose citizenship is diverse from that of the plaintiff. All plaintiffs are deemed to have joined all diverse defendants as defendants in their individual actions.

2. All defendants are deemed to have answered all complaints brought against them, with general denials plus all affirmative defenses thus far raised in filed answers to any of the Agent Orange MDL cases. All answers are deemed to include crossclaims for indemnification and contribution against all other defendants. All crossclaims are deemed denied.

The court recognizes that (1) any case management plan may have to be changed in order to adapt to new or unforeseen circumstances; (2) not every facet of the plan adopted for this Agent Orange litigation will please everyone; and (3) this litigation presents problems of a type and magnitude that differ substantially from the established precedents so that it cannot proceed in one of the well established patterns for lawsuits. Under these circumstances, it is the court's obligation to control the case, seeking always the goal of a "just, speedy and inexpensive determination" of the litigation.

Lawsuits, of course, must be guided and decided by the principles of substantive law and rules of procedure established by Congress, by the legislatures of the various states, and by the principles of common law where applicable. The rules of procedure, however, are not intended to require rigid adherence to preordained steps; instead, they are standards and requirements to be used, molded and adapted so as to achieve just, speedy and inexpensive determination of lawsuits. Although "speedy" and "inexpensive" are relative terms having almost ironic implications in the context of the Agent Orange litigation, this court is satisfied that the plan described will, with the cooperation of counsel, attain at least a "just" determination of these lawsuits, and will do so at less cost and in less time than would a more conventional approach.

IV.

CLASS ACTION

Contending that many of the issues here presented are best determined by class action to avoid duplicitous litigation by the individual members of the proposed class, plaintiffs have moved for a conditional order pursuant to FRCP 23 permitting the suit to proceed as a class action on behalf of all persons exposed to Agent Orange and various members of their families. Under Rule 23(c)(1) and 23(d), the order would be subject to such later modification as the court may find appropriate and necessary in light of future developments in the case.

Before a class action may be maintained under Rule 23, the action must meet the prerequisites of Rule 23(a) and one set of the alternate requirements of Rule 23(b). Defendants oppose class treatment, but continue to advance some outrageous arguments in the name of advocacy; detracting from whatever valid arguments they might otherwise have, they argue that plaintiffs fail to satisfy even one of the elements necessary under Rule 23. Plaintiffs, equally undiscriminating in their advocacy, argue that *every* element of *every* alternative of Rule 23 is met here.

The court has carefully read and considered the voluminous submissions of the parties and has heard and considered oral arguments of counsel on this issue. After due consideration, the court determines that plaintiffs have demonstrated that a class action is appropriate under Rule 23(b)(3). Accordingly, plaintiffs' motion for conditional class action certification is granted as herein provided. Certain specific findings are required.

A. THE PREREQUISITES OF RULE 23(a)

1. Numerosity

The members of the plaintiff class here are so numerous that joinder of all members of the class in the same action is impracticable. Rule 23(a)(1). Indeeed, if the only members of

the class were the plaintiffs in the 167 actions now pending in this court, "numerosity" would be satisfied.

2. Commonality

Rule 23(a)(2) states that a class action may only be maintained if "there are questions of law or fact common to the class." Here, the action raises numerous questions of law *and* fact common to the class. Whatever may be the individual questions relating to the manner and extent of each veteran's exposure to Agent Orange, and relating to the particular effects of Agent Orange on the veteran when considered along with his/her medical history, circumstances, lifestyle and other unique conditions, all of these claims share a common ground when proceeding through the many factual and legal issues relating to the government contract defense, negligence by the defendants, whether Agent Orange was a "defective product", and the many questions embodied in the concept of "general causation". In part, the requirement of commonality is one aimed at determining whether there is a need for combined treatment and a benefit to be derived therefrom. Here the need is compelling, and the benefits are substantial.

3. Typicality

Rule 23(a)(3) requires that in a class action "the claims or defenses of the representative parties [be] typical of the claims or defenses of the class." As already noted, plaintiffs' claims of negligence, products liability and general causation, as well as the defendants' government contract defense are not just "typical" of the entire class, they are identical. In a few areas, such as the rules governing liability and the application of various statutes of limitations, the claims may fall into groups that are "typical", but even there the different groups' claims can be efficiently managed either on a subclass basis or directly by way of separately determining the issues. Although the named plaintiffs for purposes of the class action are yet to be designated, the court is satisfied that out of the extremely large pool available representative plaintiffs can be named who will present claims typical of those of the class. As already indi-

cated, the issues of specific causation and damages will, of course, ultimately require individual consideration, but until that point in the litigation is reached, a class action appears to be the only practicable means for managing the lawsuit.

4. Adequacy

Rule 23(a)(4) provides that a class action may only be maintained if "the representative parties will fairly and adequately protect the interests of the class." Adequacy of representation depends on the qualifications and interests of counsel for the class representatives, the absence of antagonism or conflicting interests, and a sharing of interests between class representatives and absentees. 7 Wright & Miller *Federal Practice and Procedure* §§ 1765-1769 at 615-657. Here, the court will select from among the hundreds of plaintiffs representative persons who have a substantial stake in the litigation, who lack conflicts, antagonisms or reasons to be motivated by factors inconsistent with the motives of absentee class members, and who will fairly and adequately protect the interests of the class. Further the class will be represented by experienced, capable counsel, Yannacone and Associates,[32] who have shown themselves willing to undertake the considerable commitment of time, energy and money necessary for the vigorous prosecution of the claims here asserted.

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32 Yannacone and Associates is a consortium of lawyers who have banded together for purposes of this lawsuit under the leadership of Victor Yannacone, who brought the initial actions and who was designated as lead counsel for the plaintiffs shortly after the cases were transferred to this court by the multidistrict panel. Some of the lawyers in the consortium represent plaintiffs in one or more of the component Agent Orange actions; others apparently have been brought into the group because of special expertise and experience. This case is too complex and too demanding for any single attorney to handle it on behalf of plaintiffs. Yannacone and Associates has already demonstrated that the combined efforts of its twenty or so members will fairly and adequately protect the interests of the class and that together they have the expertise and desire to prosecute this demanding action properly.

5. Additional Requirements

Courts have implied two additional prerequisites to class action certification that are not specifically mentioned in Rule 23: (1) there must be an identifiable class, and (2) the class representatives must be members of the class. 7 Wright and Miller *Federal Practice and Procedure* §§ 1760, 1761 at 579-592. Here, the plaintiff class can be readily identified; they are persons who claim injury from exposure to Agent Orange and their spouses, children and parents who claim direct or derivative injury therefrom. The court has intentionally defined the class in broad terms consistent with the demands of this litigation. If we begin with the broadest possible class, the issues common to all members of that class can be resolved. It may later prove advantageous to create subclasses for various purposes, *e.g.*, for resolving statute of limitations claims, for determining liability in "negligence" as opposed to "product liability" states, and finally, perhaps, for preserving the class action format prior to remand to the transferor judges so as to provide them with the greatest possible flexibility in ultimately determining the issues remaining after multidistrict treatment has ended.

B. THE REQUIREMENTS OF RULE 23(b)

Plaintiffs seek certification of a plaintiff class under Rule 23(b)(1)(A), (b)(1)(B), (b)(2) & (b)(3).[33] For the reasons set

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33 Rule 23(b) provides that an action may be maintained as a class action if the prerequisites of subdivision (a) are satisfied, and in addition:

> (1) the prosecution of separate actions by or against individual members of the class would create a risk of
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> (A) inconsistent or varying adjudications with respect to individual members of the class which would establish incompatible standards of conduct for the party opposing the class, or
>
> (B) adjudications with respect to individual members of the class which would as a practical matter be dispositive of the interests of the other members not parties to the adjudications or substantially impair or impede their ability to protect their interests; or
>
> (2) the party opposing the class has acted or refused to act on grounds generally applicable to the class, thereby making appropri-

(footnote continued)

forth below, however, the court concludes that class certification is appropriate only under Rule 23(b)(3).

1. Rule 23(b)(1)

Rule 23(b)(1), the "prejudice" class action provision, authorizes class action treatment if some prejudice would result to any party if members of the class were required to litigate their claims in a series of individual actions, and the resulting prejudice can be obviated by using a class action. The provision is broken down into two separate clauses.

Rule 23(b)(1)(A) authorizes a class action when the prosecution of separate actions would create a risk of "inconsistent or varying adjudications with respect to individual members of the class which would establish incompatible standards of conduct for the party opposing the class". This section focuses on the difficulties that class action certification may visit on the party opposing the class action. It is designed to prevent situations in which different courts establish "incompatible standards of conduct" for that party.

Rule 23(b)(1)(A) is *not* meant to apply, however, where the risk of inconsistent results in individual actions is merely the possibility that the defendants will prevail in some cases and not in others, thereby paying damages to some claimants and not others. *McDonnell Douglas Corporation v. United States District Court, Central District of California*, 523 F2d 1083, 1086 (CA9 1975), *cert denied sub nom, Flanagan v. McDonnell*

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ate final injunctive relief or corresponding declaratory relief with repect to the class as a whole; or

(3) the court finds that the questions of law or fact common to the members of the class predominate over any questions affecting only individual members, and that a class action is superior to other available methods for the fair and efficient adjudication of the controversy. The matters pertinent to the findings include: (A) the interest of members of the class in individually controlling the prosecution or defense of separate actions; (B) the extent and nature of any litigation concerning the controversy already commenced by or against members of the class; (C) the desirability or undesirability of concentrating the litigation of the claims in the particular forum; (D) the difficulties likely to be encountered in the management of a class action.

Douglas Corporation, 425 US 911 (1976). "The risk of paying money [damages] to some and not others is not what the rule-makers intended by the words 'incompatible standards of conduct.' " A. Miller, *An Overview of Federal Class Actions: Past, Present and Future* at 43 (1977). Since the only effect of inconsistent decisions here would be the payment of damages to some claimants and not others, class certification under Rule 23(b)(1)(A) would be inappropriate.

Rule 23(b)(1)(B) authorizes a class action when separate actions would create a risk of "adjudications with respect to individual members of the class which would as a practical matter be dispositive of the interest of the other members not parties to the adjudications or substantially impair or impede their ability to protect their interest." This rule emphasizes possible undesirable effects on the class members, rather than on the opposing party, and permits a class action if separate suits might have undesirable effects on the class members. "The paradigm Rule 23(b)(1)(B) case is one in which there are multiple claimants to a limited fund * * * and there is a risk that if litigants are allowed to proceed on an individual basis those who sue first will deplete the fund and leave nothing for the late-comers." A. Miller *An Overview of Federal Class Actions: Past, Present and Future* at 45 (1977). *See also Administrative Committee's Note, Rule 23*, 39 FRD 69, 101 (1966).

However large the potential damages may appear here, plaintiffs offer no evidence of the likely insolvency of defendants and apparently do not, in defendant Dow's words, "have the temerity to argue that the aggregate claims of the purported class exceed the total assets of the five named defendants."[34] Defendant Dow's Memorandum in Opposition to Class Certification at 20. For good measure, Dow adds "[s]uch an argument would be ludicrous on its face." *Id.* As one court has noted, "without more, numerous plaintiffs and a large *ad*

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34 Since that statement was made the number of named defendants has increased, see footnote 2, *supra*, thus rendering class certification under Rule 23(b)(1)(B) even more inappropriate.

damnum clause should [not] gurarantee (b)(1)(B) certification." *Payton et al. v. Abbott Labs et al.*, 83 FRD 383, 389 (D Mass 1979). Thus, certification under Rule 23(b)(1)(B) is not appropriate.

2. Rule 23(b)(2)

Rule 23(b)(2) authorizes class action treatment where "the party opposing the class has acted or refused to act on grounds generally applicable to the class, thereby making appropriate final injunctive relief or corresponding declaratory relief with respect to the class as a whole." This subdivision "does not extend to cases in which the appropriate final relief relates exclusively or predominantly to money damages", *Advisory Committee's Note, Rule 23*, 39 FRD 69, 102 (1966); rather, it applies when injunctive relief or declaratory relief on which injunctive relief could be based is proper. *Eisen v. Carlisle & Jacquelin*, 391 F2d 555, 564 (CA2 1968), *vacated on other grounds*, 417 US 156 (1974). Here, the relief requested relates predominantly to money damages so the class may not be certified under Rule 23(b)(2).[35]

3. Rule 23(b)(3)

Rule 23(b)(3) authorizes a class action when the court finds "that the questions of law or fact common to the members of the class predominate over any questions affecting only individual members, and that a class action is superior to all other available methods for the fair and efficient adjudication of the controversy." The rule lists four matters pertinent to a consideration of these issues: "(A) the interest of members of the class in individually controlling the prosecution or defense of separate actions; (B) the extent and nature of any litigation concerning the controversy already commenced by or against

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35 The court is aware that plaintiffs have requested that a trust be established to apply defendants' future profits for the benefit of the plaintiff class. While this possible relief has not been excluded from the case, it does not serve as a sufficient basis for class certification pursuant to FRCP 23(b)(2).

members of the class; (C) the desirability or un-desirability of concentrating the litigation of the claims in the particular forum; (D) the difficulties likely to be encountered in the management of a class action."

Considering the circumstances of this action, and bearing in mind the manner in which the class action will proceed, the court determines that the interest of class members in individually controlling the prosecution of separate actions is minimal, especially at this early stage of the litigation when the issues under consideration concern the relationship between the defendants and the government, issues that impact equally on every plaintiff's claim. Rule 23(b)(3)(A). Later stages of this litigation, especially those concerned with individual causation and damages, may require reconsideration of this element and possibly decertification, but at this stage, individual class members have almost no interest in individually controlling the prosecution of separate actions. Indeed, the problems inherent in every one of the individual actions are so great that it is doubtful if a single plaintiff represented by a single attorney pursuing an individual action could ever succeed.

With respect to the extent and nature of currently pending litigation, almost all the Agent Orange litigation currently pending is before this court under the multidistrict litigation procedures. All those cases are advancing simultaneously, and certification of a class action will serve the goals of judicial economy and reduce the possibility of multiple lawsuits. Rule 23(b)(3)(B). In addition, it will significantly expedite final resolution of this controversy.

With respect to the desirability of concentrating the litigation of the claims in this forum, the actions have already been concentrated before this court through the use of MDL procedures. Allowing it to proceed as a class action will minimize the hazards of duplicate efforts and inconsistent results. Moreover, given the location of present counsel and the widely varying citizenships of the interested parties, this court is as appropriate a place to settle the controversy as any. Rule 23(b)(3)(C).

With respect to the difficulties likely to be encountered in the management of a class action, the court has carefully and

humbly considered the management problems presented by an action of this magnitude and complexity, and concluded that great as they are, the difficulties likely to be encountered by managing these actions as a class action are significantly outweighed by the truly overwhelming problems that would attend any other management device chosen. While the burdens on this court might be lessened by denying class certification, those imposed collectively on the transferor courts after remand of the multidistrict cases would be increased many times.

Having carefully considered the above factors and all other circumstances of this action, the court is satisfied that at this time the questions of law and fact common to the members of the class predominate over questions of law or fact affecting only individual members, and that a class action is superior to any other available method for the fair and efficient adjudication of the controversy.[36]

Because over a year ago this court requested plaintiffs not to file actions pending decision on the class action motion, because the facts and issues in all of the pending and future cases are to a great degree identical, or at least parallel, and because this action presents a variety of questions in relatively untested areas of the law, this court sees the objectives of FRCP Rule 1 and Rule 23, as well as the interests of justice, best served by determining here, and for all parties, as many legal and factual issues as may properly be decided. To achieve those ends the court will certify this to be a class action under FRCP 23(b). Formal certification will be by separate order to be processed under the court's instructions.

C. NOTICE

Rule 23(c)(2) states that "In any class action maintained under subdivision (b)(3), the court shall direct to the members of the class the best notice practicable under the circumstances,

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36 There being no need to certify subclasses of plaintiffs at this time, the court will postpone consideration of the subclass issues to a later time when the most efficient and logical course to follow will be clearer.

including individual notice to all members who can be identified through reasonable effort."

Two problems with notice must be considered: how the notice shall be given and what the notice shall say. In the order to be prepared and signed which will officially certify the class, the court will direct both the manner and content of notice.

As to the manner of notice, both the rule and the court decisions display a preference for individual notice whenever possible, and ordinarily the financial burden of giving notice falls on the plaintiffs. Individual notice to all members of the broad class to be certified may be impossible. The rule requires, however, only "the best notice practicable under the circumstances". Counsel are invited to submit suggestions in writing as to how "the best notice practicable" may be given to the over two million Vietnam veterans and their families who are included in the class by January 23, 1981. Certain possibilities have already been suggested, including having the Veterans Administration mail copies of the notice to all Vietnam veterans on their mailing list, and soliciting the aid of veterans' organizations around the country to circularize their memberships.

It may be that other persons or organizations are willing to assist in resolving the notice problem. The news media in particular might volunteer space or time to assure "the best notice practicable" to veterans and their families. Still other means by which the notice requirement can be fairly and reasonably fulfilled may exist. After considering all suggestions received by January 23, 1981, the court will determine how notice shall be given.

As to the form of notice, Yannacone and Associates is directed to serve and file by January 7, 1981 a proposed form of notice which shall include at least the following information in as simple and direct a form as possible:

1. It shall state briefly the nature of plaintiffs' suit, their causes of action and their claims for relief.

2. It shall set out the definition of the plaintiff class and in general terms the issues that will have to be determined.

3. It shall notify the recipient that at his/her request the court will exclude him/her from the class so long as the request is received by a date specified in the notice that counsel and the court will set. Rule 23(c)(2)(A).

4. It shall make clear that any findings, whether favorable or not, will be binding on all class members who do not request exclusion. Rule 23(c)(2)(B).

5. It shall explain that any class member who does not request exclusion may enter an appearance through his/her counsel. Rule 23(c)(2)(C).

Counsel for defendants shall meet on or before January 16, 1981 to discuss and, if possible, agree upon suggested modifications to plaintiffs' proposed form of notice and serve and file their suggested changes, if any, with the court by January 23, 1981. To the extent that agreement among defense counsel is not possible, they may make separate submissions.

By January 16, 1981 Yannacone and Associates shall submit to the court a list of no more than 12 persons whom they propose as representative plaintiffs for the class action. Defendants may, if they choose, submit any comments, objections or suggestions with respect to the proposed representative plaintiffs by January 23, 1981. The court will then determine who will be the named plaintiffs in the class action, and plaintiffs' attorneys will be directed by further order of this court to prepare an appropriate class action order and class action complaint.

V.

SUMMARY JUDGMENT

On this motion, defendants argue that they are entitled to summary judgment against plaintiffs because, acting under compulsion of federal law, they were forced to manufacture Agent Orange under circumstances carefully controlled by the government. Cases analyzing similar arguments have utilized various terminology to describe this defense, the most common being that defendants seek to "share in the government's

immunity", *Green v. ICC America, Inc.*, 362 F Supp 1263, 1264 (ED Tenn 1973), or that defendants assert a "government contract defense". *See Merritt, Chapman & Scott Corporation v. Guy F. Atkinson Company*, 295 F2d 14, 16 (CA9 1961).

A. THE GOVERNMENT CONTRACT DEFENSE

Whatever its label, the government contract defense[37] in this case essentially seeks to avoid manufacturer liability on the ground that the circumstances surrounding Agent Orange's manufacture and use were controlled and dictated by the United States government acting in a capacity in which the government is protected from liability by sovereign immunity and the *Feres/Stencel* doctrine.

In the seminal case of *Yearsley et al. v. W. A. Ross Construction Company*, 309 US 18 (1940), the Supreme Court recognized the possibility that contractors who properly perform their work pursuant to contracts with the United States government might avoid liability for injuries resulting from the work done. Plaintiff, who sought to recover damages for erosion of his waterfront property caused by defendant's construction of dikes in the Missouri River, conceded that defendant had acted "pursuant to a contract with the United States Government, under the direction of the Secretary of War and the supervision of the Chief of Engineers of the United States, for the purpose of improving navigation of the Missouri River." 309 US at 19. The Court held that the contractor was not liable, because the work done had been properly authorized and properly performed. Summarizing the relevant principles, the Court stated

> [I]t is clear that if [the] authority to carry out the project was validly conferred * * * there is no liability on the part of the contractor for executing [the government's] will. (citations omitted). Where an agent or officer of the Government purporting to act on its behalf has been held to be liable for his conduct causing injury to another, the

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37 For purposes of convenience this defense will be called the "government contract defense" for the remainder of this decision.

> ground of liability has been found to be either that he exceeded his authority or that it was not validly conferred.
>
> 309 US at 20-21.

Following these principles, subsequent cases have stated the rule in various ways:

> To the extent that the work performed by [the contractor] was done under its contract with the [government], and in conformity with the terms of said contract, no liability can be imposed upon it for any damages claimed to have been suffered by [plaintiffs].
>
> *Myers v. United States,* 323 F2d 580, 583 (CA9 1963);

> The [contract work] was pursuant to validly conferred authority under a contract [with the government]. The question of foreseeability of harm and the possible need to protect against it arose when the Government framed its terms. There is no charge that what the contractor did was not what it was required to do. * * * [The question of taking measures to safeguard against harm caused by the plans] was a decision which rested with the Government. The Government did not provide for such additional precautions in the plans, and the [contractor] is not to be held liable for this omission.
>
> *Dolphin Gardens, Inc. v. United States,* 243 F Supp 824, 827 (D Conn 1965);

> Where the act, or failure to act, which causes an injury is one which the [government] contractor was employed to do, and the injury results not from the negligent manner of doing the work, but from the performance thereof or failure to perform it at all, the contractor is entitled to share the immunity from liability which the public enjoys, but * * * the contractor is not entitled to the immunity of

> the public body from liability where the injury arises from the tortious manner of performing the work."
>
> *Green v. ICI America, Inc.*, 362 F Supp 1263, 1265 (ED Tenn 1973) *quoting* 9 ALR 3d 382, 385 (1966).[38]

Behind this rule lie considerations of fairness and public policy. First, tort liability principles properly seek to impose liability on the wrongdoer whose act or omission caused the injury, not on the otherwise innocent contractor whose only role in causing the injury was the proper performance of a plan supplied by the government. The imposition of tort liability on a wrongdoer can have a strong prophylactic effect; tortfeasors held liable for damages that flow from their wrongdoing have a strong incentive to prevent the occurrence of future harm. *See* W. Prosser, *Law of Torts* § 4 at 23 (4th ed. 1971). Before any societal benefit can be derived from the deterrent effects of tort liability, however, the party in a position to correct the tortious act or omission must be held accountable for the damages caused and thus motivated to prevent future torts.

Second, the policy considerations that lend continuing vitality to governmental immunity argue for "extension" of that freedom from liability to some government contractors. As one court put it:

> To impose liability on the contractor [for the government's planning failures] would render the Government immunity * * * meaningless, for if the contractor was

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38 See also *Merritt, Chapman & Scott Corp. v. Guy F. Atkinson Company*, 295 F2d 14, 16 (CA9 1961) ("where the plans and specifications were drawn and adopted *prior* to the contract * * * the contractor is entitled to follow such plans and specifications, exercising due and proper care and skill, and require parties damaged to look to the government, which has required such a contract, for relief.") (emphasis in original); *O'Grady v. City of Montpelier*, 474 F Supp 186, 188 (D Vt 1979), *rev'd on other grounds*, 573 F2d 747 (CA2 1978) (no action lies against contractor who entered contract with city, performed work in accordance with detailed specifications provided by the city, did not act outside scope of authority, and performed work in non-negligent manner).

> held liable, contract prices to the Government would be increased to cover the contractor's risk of loss from possible harmful effects of complying with decisions of [governmental] officers authorized to make policy judgments.
>
> *Dolphin Gardens, Inc. v. United States*, 243 F Supp 824, 827 (D Conn 1965).[39]

These considerations take on increased significance when the government contracts with manufacturers of military ordnance in war time. Where, as here, manufacturers claim to have been compelled by federal law to produce a weapon of war without ability to negotiate specifications, contract price or terms, the potential for unfairly imposing liability becomes great. Without the government contract defense a manufacturer capable of producing military goods for government use would face the untenable position of choosing between severe penalties for failing to supply products necessary to conduct a war, and producing what the government requires but at a contract price that makes no provision for the need to insure against potential liability for design flaws in the government's plans.

A recent New York State court decision, *Casabianca v. Casabianca*, 428 NYS2d 400 (SCt Bronx County May 2, 1980), recognized the problems of a manufacturer who provides products necessary to conduct a war under contract with the government. In *Casabianca* the court held that, as a matter of public policy, a manufacturer who supplies equipment to the United States Army in a time of war pursuant to government specifications may not be held liable for any inadequacy in the plans because

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39 This many even understate the effect of imposing liability on government contractors so situated, because those contractors would presumably seek to insure against possible liability for the government's inadequacies and insurance companies do not spread the risk of loss without some financial benefit to themselves. If taken to the extreme, the government might ultimately find it less expensive to waive immunity under the circumstances, accept liability for injuries caused by its planning failures, and thereby avoid the expensive middleman.

> A supplier to the military in time of war has a right to rely on such specifications and is not obligated to withhold from the United States armed forces material believed by the latter to be necessary because the manufacturer considers the design to be imprudent or even dangerous. His conformance, under such circumstances, to the specifications provided to him should be, and is, a complete defense to any action based on design, whether faulty or not.
>
> *Casabianca v. Casabianca*, 428 NYS2d 400, 401-402 (SCt Bronx County May 2, 1980) (Stecher, J.).

Although some courts ignore or deny its existence,[40] the Supreme Court's recognition of the defense in *Yearsley v. W. A. Ross Construction Company* and the application of the defense in numerous other decisions certifies its continuing viability.[41]

B. THE POSITIONS OF THE PARTIES

As defendants would apply the government contract defense here, plaintiffs' claims against the corporate defendants could not be actionable because the United States Government (1) invented Agent Orange, (2) experimented with herbicides for military use for over 20 years; (3) knew dioxin would be a byproduct of the manufacture of 2,4,5-T, an ingredient in Agent Orange; (4) knew the toxicity of dioxin as early as 1962; (5) compelled the defendants to manufacture Agent Orange using the mandatory provisions of the Defense Production Act, 50 USC App §§2051, *et seq.*, and various economic and "informal" pressures to coerce defendants; (6) refused to allow

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40 See *Foster v. Day & Zimmerman, Inc.*, 502 F2d 867, 873-74 (CA8 1974); *Whitaker v. Harvell-Kilgore Corp.*, 418 F2d 1010, 1013-15 (CA5 1969).

41 See e.g., *A. J. Myers v. United States*, 323 F2d 580, 583 (CA9 1963); *Merritt, Chapman & Scott Corp. v. Guy F. Atkinson Company*, 295 F2d 14, 16 (CA9 1961).

defendants to produce phenoxy herbicides for their civilian markets; (7) unilaterally determined the terms and specifications of the contracts under which the defendants manufactured Agent Orange, including complete control over the chemical composition, volume, weight, purity, acidity, appearance, quality, inspection, testing procedures, packaging, marking and method of shipment used; (8) visited defendants' plants regularly to conduct inspections and tests to ensure the defendants' compliance with the contract terms; (9) assured the availability to defendants of the raw materials needed to produce Agent Orange on a high priority basis; (10) unilaterally determined the nature and extent of the use in southeast Asia of the Agent Orange produced, with concentrations of component herbicides far in excess of any commercially manufactured product; and (11) exercised exclusive control over the use of Agent Orange in southeast Asia.

Defendants argue (1) that they merely manufactured and supplied Agent Orange to the government pursuant to validly authorized contracts, (2) that Agent Orange was not manufactured before and has not been manufactured since; (3) that they completed their compelled manufacture of Agent Orange in strict compliance with the specifications supplied by the government, specifications that contained no obvious or "glaring" defects that would have alerted the defendants of any impending danger in following them; and (4) that they manufactured Agent Orange without any negligence on their part.

In short, the defendants claim to have served their country's military needs without any shortcomings in their performance. They contend that but for the government's decision to use Agent Orange in southeast Asia the defendants would not have manufactured Agent Orange and the harm claimed to have been caused by the herbicide would never have occurred. Defendants further note that they were in no position to question the government's military judgment to use the herbicide as as a tactical weapon during the Vietnam war, and had no choice under federal law but to comply with the government's order to produce Agent Orange.

Thus, defendants argue that they were merely agents of the government acting under the compulsion of federal law in patriotic furtherance of the Vietnam war effort. They claim to have produced an effective product that met, in every respect, the government's detailed specifications and expectations. Defendants argue that well established legal principles, sound social policy, and general principles of fairness dictate that they not be held liable for injuries resulting solely from their strict compliance with government contracts for war related products that performed exactly as expected in their military uses.

Plaintiffs argue (1) that defendants should not be permitted to "hide" behind government specifications to avoid liability, and (2) that summary judgment is inappropriate because the defendants "bald assertion that the [government] specifications were, in fact, complied with" cannot be accepted by the court as true without a trial to determine whether defendants' allegations with respect to the government contract defense are factually correct.

C. SUMMARY JUDGMENT DENIED

The standards for consideration of a motion for summary judgment pursuant to FRCP 56 are well established and need not be repeated here except to note that on a motion for summary judgment the court "cannot try issues of fact; it can only determine whether there are issues to be tried," American Manufacturers Mutual Insurance Company v. American Broadcasting-Paramount Theatres, Inc., 388 F2d 272, 279 (CA2 1967), *cert denied*, 404 US 1063 (1972) and the court "must resolve any doubts in favor of the party opposing the summary judgment motion." *SEC v. Research Automation Corp.*, 585 F2d 31 (CA2 1978).

Having considered all the authorities cited and the arguments of counsel, the court is satisfied that a government contract defense exists and has possible application to the facts at bar. Plaintiffs are correct, however, to the extent that they argue the presence of fact issues which preclude summary judgment since any application of the government contract

defense in this context will require that defendants prove that their relationship with the government and performance under the government contract was essentially as they describe it. In short, whatever the minimum showing necessary to support a finding for defendants on the government contract defense may be, allegations with respect to their contract performance and relationship with the government present issues of fact requiring trial.

Resolution of the fact issues by separate trial will determine whether defendants have a complete defense to the claims asserted against them. This is the reason the court has chosen the government contract defense for the Phase I trial as discussed in section III above. The elements of the defense will be uniquely adapted to consideration and adjudication, separate and apart from the issues of liability, causation and damages. As a practical matter, discovery as to these discrete issues will be rather narrow compared to the discovery that some of the other fact issues presented by this action may require.

Although satisfied that the government contract defense exists and has possible application here, however, the court is not satisfied that the parties have sufficiently focused their attention on the precise standards applicable and the specific facts defendants need to prove to make out the defense under the circumstances of this action.[42] Accordingly, the parties are

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42 For example, some courts view the government contract defense as coupling the government's sovereign immunity with the contractor's obligation to follow the government's directions, see *Green v. ICI America, Inc.*, 362 F Supp 1263, 1265 (ED Tenn 1973). It may well be that the sovereign's immunity from suit is not an essential element of the defense. See *Dolphin Gardens, Inc. v. United States*, 243 F Supp 824, 827 (D Conn 1965); *A. J. Myers v. United States*, 323 F2d 580, 583 (CA9 1963). Similarly, other courts frame the elements of the defense in terms of military necessity. See Casabianca v. Casabianca, 428 NYS2d 400, 401-402 (SCt Bronx County May 2, 1980) (Stecher, J.). Whether these elements are essential to the successful assertion of the government contract defense, however, need not be determined because the court has determined that the sovereign is immune under the circumstances here presented, see discussion Section II *supra*, and it is beyond dispute that the Agent Orange produced by defendants here was manufactured in time of war.

to prepare (1) briefs focusing on this issue, and (2) proposed special verdicts to be presented to the jury in the Phase I trial. Of course, the proposed special verdicts will not be binding at this stage; rather, they are to assist counsel and the court in focusing upon the issues that require discovery and trial in Phase I. These items are to be served and filed by January 23, 1981. The court will hear argument on the standards and elements of the government contract defense as applied to this case and will discuss the proposed special verdicts at the pretrial conference to be held January 30, 1981 at 9:00 a.m.

As noted above, the court believes that early resolution of this potentially dispositive issue will serve the interests of justice and judicial efficiency. Although justice is always served by the efficient management of any action, this is especially true in this case where any other procedure adopted might subject the parties to years of discovery and trial only to have later generations of judges, lawyers, and litigants discover that an early trial of the government contract defense might have preempted the need for almost all of the discovery undertaken and saved thousands of person-hours and millions of dollars associated with those unnecessary efforts. The parties here are entitled to have this action handled as efficiently and expeditiously as possible and, in the court's considered view, the approach here outlined balances the numerous interests in a way that will best serve those goals.

VI.

DISCOVERY

Under the case management plan set forth in section III of this pretrial order, it is appropriate for discovery to proceed now as efficiently and expeditiously as possible on all Phase I issues. Most of the material necessary to support the defendants' government contract defense is in defendants' own control. Plaintiffs have continually urged an early trial, and lead counsel has repeatedly represented to the court that depositions of a limited number of Dow employees are the only discovery necessary before proceeding to trial. Although the

government is no longer a party to this action, the Department of Justice has promised the court cooperation with all parties in facilitating full and complete discovery of all material within the government's control.

To date, very little discovery has taken place. By practice and procedure order dated May 18, 1979, this court stayed all discovery proceedings until further court order; by order dated February 5, 1980, this stay was modified to allow the parties to "conduct voluntary discovery by agreement among themselves". In addition to whatever voluntary discovery has taken place, the court on specific motions has permitted the depositions of certain plaintiffs with a "high risk of unavailability for trial" to be taken. *E.g., Hartz v. Dow Chemical Company,* 79 C 2752 (EDNY GCP) (memorandum and order of January 18, 1980).

The first wave of Phase I discovery is to commence immediately, and the stay is vacated, but only for this purpose. The first wave of discovery, as defined in § 1.50 of the Manual for Complex Litigation, is designed to disclose all preliminary matters necessary before proceeding to discovery on the merits, specifically:

> (1) the names and location of witnesses whose written interrogatories or depositions upon oral interrogatories may be sought on the merits; (2) the existence, location and custodian of documents and other physical evidence, the production of which may be sought on the merits; and (3) information concerning the transactions upon which the claims for relief are based.

The parties are directed to serve and file first wave interrogatories by January 15, 1981. Any objections to these interrogatories shall be served and filed on or before January 23, 1981. Defendants shall confer and submit joint interrogatories and objections. Failure to timely object will operate as a waiver of any and all objections. The objections will be discussed and ruled on at the conference scheduled for January 30, 1981. The court does not anticipate frivolous objections to any interrogatories, but any objections made without a good faith basis will be summarily denied as well as subject their proponent to

sanctions. The answers to all first wave interrogatories are to be served and filed by February 13, 1981.

The court has previously received and reviewed several suggestions for orderly discovery advanced by the parties. However, those proposals were made without the benefit of the court's case management plan. Counsel are to submit memoranda outlining their thoughts and proposals for the remainder of Phase I discovery by January 23, 1981. Proposals should focus on the scope and type of material to be discovered, as well as the sequence and timing that discovery should take. Those proposals should have as their goal the expeditious, free, and open exchange of information contemplated by the Federal Rules of Civil Procedure and required by this court in all cases before it. At the January 30, 1981 conference the court will hear argument about the various proposals and soon thereafter will establish a comprehensive discovery and trial schedule to govern the remainder of Phase I.

VII.

STATUTES OF LIMITATIONS

In light of the Second Circuit's decision that federal question jurisdiction is inappropriate in the context of this action, *In re Agent Orange*, No. 80-7079 November 24, 1980, diversity jurisdiction under 28 USC § 1332 may provide the sole basis for subject matter jurisdiction. Since federal courts sitting in diversity apply state law on questions involving the statute of limitations, *Guarantee Trust Company of New York v. York*, 326 US 99, 109 (1945), and since this action will ultimately involve the statute of limitations of most, if not all, of the states, counsel shall submit briefs setting forth the applicable law of each state on the subject. Even if the pending petition for rehearing before the Second Circuit en banc is granted and federal question jurisdiction is ultimately determined to be a valid ground for subject matter jurisdiction, this survey would be helpful, even necessary, in determining what the federal common law is or should be. The briefs shall be served and filed by January 30, 1981, and reply briefs, if necessary, shall be served and filed by February 6, 1981.

VIII.

CONCLUSIONS

Government's Motion to Dismiss:

The government's motion to dismiss is granted, and the third party complaints against the government deemed to have been made in all actions under MDL 381 are dismissed.

Case Management Plan:

The case will be tried in "phases" and in accordance with the procedures and principles outlined above in the section of this order entitled "The Case Management Plan".

Plaintiffs' Motion for "Serial Trials":

Plaintiffs' motion for serial trials is denied except insofar as the case management plan adopted by the court incorporates the suggestion to use "phased" trials. The denial of the motion is without prejudice to renewal at some future date when the court may seek additional input as to the future course of this litigation.

Plaintiffs' Motion to Amend the Complaint:

Plaintiffs' motion to amend the complaint by adding the United States government and many of its officials on a theory of constitutional tort is denied without prejudice to the commencement of a separate action.

Class Action:

Plaintiffs' motion for class action certification is granted to the extent of conditional class action certification pursuant to FRCP 23(b)(3). In all other respects the motion is denied. In addition:

By January 23, 1981 counsel are to submit their suggestions as to how "the best notice available" may be given to the members of plaintiff class.

By January 7, 1981 counsel for plaintiffs shall serve and file a proposed form of notice. Counsel for defendants shall meet by January 16, 1981 to discuss and, if possible, agree upon suggested modifications to the proposed notice. Defendants' suggested modifications, if any, shall be served and filed by January 23, 1981.

By January 16, 1981 counsel for plaintiffs shall submit a list of no more than 12 persons as proposed class representatives. By January 23, 1981 defendants shall serve and file any suggestions, objections or comments they have with respect to the proposed representative plaintiffs. At the January 30, 1981 conference the court will determine who the named plaintiffs will be.

Defendants' Motion for Summary Judgment:

Defendants' motion for summary judgment is denied because the defendants' assertion of the government contract defense presents fact issues requiring trial. In addition:

By January 23, 1981 the parties are to serve and file (1) briefs focusing on the precise standards applicable and the specific facts defendants need to prove in order to successfully establish the government contract defense, and (2) proposed special verdicts to be presented to the jury in the Phase I trial. The court will hear argument on the standards and elements of the government contract defense as applied to this case and will discuss the proposed special verdicts at the pretrial conference to be held January 30, 1981.

Discovery:

The stay of discovery previously imposed is vacated to the extent that the parties are to engage in first wave discovery of Phase I issues. In addition:

The parties are to serve and file first wave interrogatories by January 15, 1981. Any objections to these interrogatories shall be served and filed on or before January 23, 1981. Defendants are to confer and submit joint interrogatories and objections. Failure to file timely objections will operate as a waiver of any and all objections. The objections will be discussed and ruled upon at the January 30, 1981 conference. The answers to all first wave interrogatories are to be served and filed by February 13, 1981.

Counsel are to submit memoranda outlining their thoughts and proposals regarding a comprehensive plan and timetable for Phase I discovery by January 23, 1981. The court will hear argument about the various proposals for Phase I discovery at the January 30, 1981 conference.

Statutes of Limitations:

Counsel shall serve and file briefs setting forth the applicable law relating to the statutes of limitations of every state by January 30, 1981. Reply briefs, if necessary, shall be served and filed by February 6, 1981.

Next Conference:

The next pretrial conference will be held before the undersigned at the Long Island Courthouse on January 30, 1981 at 9:00 a.m. Any party wishing to propose additions to the agenda should do so by letter to the court received no later than January 27, 1981.

SO ORDERED.

Dated: Westbury, New York
December 26,1980.

/s/ GEORGE C. PRATT

GEORGE C. PRATT
U. S. District Judge

APPENDIX B

APPENDIX B

Boston College Environmental Affairs Law Review

1979 Volume 8 Number 2

SOLDIER OF ORANGE: THE ADMINISTRATIVE, DIPLOMATIC, LEGISLATIVE AND LITIGATORY IMPACT OF HERBICIDE AGENT ORANGE IN SOUTH VIETNAM

*Bruce F. Meyers**

* * * * *

II. HISTORY OF DEVELOPMENT AND USE

Subsequent to Darwin's discovery of phototrophic (light seeking) response in plant cells and the chemical isolation of auxin (beta indole acetic acid), synthesis of similar growth-regulating compounds was conducted, resulting in the development of two phenoxy herbicides in use today: 2,4-D (2,4-di-

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* Mr. Meyers served in Vietnam as a Colonel of Marines and was Regimental Commander of the 26th Marine Regiment at Khesanh in 1968. The areas around Khesanh were among the most heavily sprayed during the use of Agent Orange. He is currently a graduate fellow at Yale Law School in an LL.M. program in medical jurisprudence while on leave as Associate Dean at the University of Puget Sound Law School. Mr. Meyers is serving as a consultant to the plaintiffs in the class action suit discussed in his article.

The author would like to acknowledge Ralph S. Brown, Jr., Simeon E. Baldwin Professor of Law at Yale, whose seminar on "Toxic Substances" was the encouragement for this article.

chlorophenoxy acetic acid) and 2,4,5-T (2,4,5-trichlorophenoxy acetic acid). In August of 1941, a botanist at the University of Chicago suggested research of the possible use of growth-regulators as "plant killers."[2] World War II spurred further development and testing and, in 1943, the U.S. Army began research in earnest toward the military applications of herbicides in war.[3] This grew out of a warning by the National Academy of Sciences (NAS) to the Secretary of War of the potential dangers (to the United States) of biological warfare.[4]

The outstanding effectiveness of these two herbicides in controlling the growth of broad-leaved plants and weeds, coupled with their apparently low mammalian toxicity and low application rates, resulted in their rapid acceptance in world agriculture. Peterson[5] reported that the annual production of 2,4-D alone exceeded 14,000 pounds in 1950 and by 1960 manufacturers (principally American) were producing 36 million pounds.

Herbicides were not used in World War II, but a small program for screening potential herbicides for possible military use continued after the war. In 1959 the first large-scale military defoliation by aerial application using the butyl esters of 2,4-D and 2,4,5-T was conducted at Ft. Drum, New York. The success of these tests spurred the Office of Secretary of Defense Robert McNamara in May of 1961 to request feasibility tests for defoliation of jungle vegetation in Vietnam.[6] The

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2 Peterson, G.E., *The Discovery and Development of 2,4-D*, 41 Agr. Hist., 243 (1967) [hereinafter Peterson].

3 *Id.*

4 [Davis, Donald E., *Herbicides in Peace and War*, BioScience, Feb., 1979, 84], at 91.

5 Peterson, *supra* note 2.

6 Young, A.L., Capt. USAF, *The Toxicology, Environmental Fate and Human Risk of Herbicide Orange and its Associated Dioxin, USAF Occupational and Environmental Health Laboratory Technical Report TR-78-02* (Oct. 1978) [hereinafter USAF Herbicide Orange Report], at 1-2.

results of these tests (first conducted in Thailand, later in South Vietnam (SVN)) were that significant defoliation and anticrop effects could be obtained with two different mixtures of herbicides. The first was a mixture of the n-butyl esters of 2,4-D and 2,4,5-T and the iso-butyl ester of 2,4,5-T. This mixture was code-named "Purple". The second "military" herbicide was code-named "Blue" and was composed of the acid and sodium salt of cacodylic acid. The code names referred to the color of bands (Orange, White, Blue, Purple, Pink and Green) which had been painted around the center of the 55-gallon drum containers that were used to ship the herbicide to South Vietnam. They were painted in this manner in order to aid in identification by the personnel using them.[7] The initial choice of herbicides used in Vietnam was based: "upon the chemicals that had had considerable research, proven performance, and the practical background. Also other factors had to be considered, such as availability in large quantity, costs and *known or proven safety in regard to their toxicity to humans and animals* . . . ."[8]

Purple and Blue were the first herbicides to arrive in Vietnam in January 1962. They were followed shortly thereafter by Pink (mixtures of n- and iso-butyls of 2,4,5-T), and Green (composed of the n-butyl ester of 2,4,5-T), followed in 1965 by Orange and White (picloram). Herbicide Orange replaced all uses of Purple, Pink and Green and eventually became the most widely used military herbicide in SVN.[9] Agent Orange was sprayed from aircraft (mostly C-123's) that could carry 1,000 gallons of herbicide and deposit 3 gallons per acre in swaths 240 feet wide for defoliation and crop destruction

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7 *Id.* at 1-2.

8 Brown, J. W., *Vegetational Spray Tests in South Vietnam*, U.S. Army Chemical Corps Biological Laboratories, Ft. Detrick, MD, 119 p., Available from Defense Documentation Center, Alexandria, VA, DDC Number AD 476961 (1962) (emphasis added) [hereinafter Brown].

9 USAF Herbicide Orange Report, *supra* note 6, at 1-3.

missions.[10] Herbicide Orange was a 50:50 mixture of 2,4-D and 2,4,5-T. The component 2,4,5-T was later found to contain a contaminant, TCDD (2,3,7,8-tetracholoro dibenzo para-dioxin) [dioxin] which is one of the most toxic chemicals known.[11] [See Table I, appended].

Military herbicide operations were carried out from 1962 to 1971. They were used primarily for (1) defoliation of trees and plants to improve observation and prevent ambush of friendly forces and (2) for destroying food crops of hostile forces.[12] After a relatively slow buildup from 1962 to 1965, herbicide operations increased rapidly to a peak in 1967; then declined slightly in 1968 and 1969 and dropped sharply in 1970 to eventually stop in 1971.[13] Defense estimates that approximately 17.7 million gallons of herbicides were sprayed during the nine-year period: 10.65 million gallons of Orange, 5.63 million gallons of White, 1.14 million gallons of Blue, 145,000 gallons of Purple and 130,000 gallons of Pink and Green. The Na-

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10 CONGRESSIONAL RESEARCH SERVICE: *Agent Orange: Veterans' Complaints Concerning Exposure to Herbicides in South Vietnam, Issue Brief Number IB79255*, Library of Congress, (Oct. 19, 1979), [hereinafter CONGRESSIONAL RESEARCH], at p.CRS-4.

11 General Accounting Office, *Report by the Comptroller General: Health Effects of Exposure to Herbicide Orange in South Vietnam Should be Resolved, GAO CED-79-22 at 2 (April 6, 1979) [hereinafter GAO REQUEST, 1979] at p.2: See also* J. McCullough, *Herbicides: Environmental Health Effects; Vietnam and the Geneva Protocol: Developments During 1970*, 7 (1970) (Congressional Research Report No. UG 447, 70-303SP) [hereinafter McCullough]. A portion of this report is reproduced at Table 1, *infra*.

12 Asst. Sec. of State Dixon Donnelly, quoted in Galston, *Herbicides in Vietnam*, NEW REPUBLIC, Nov. 25, 1967, at 19-21 (1967). Also see testimony of Rear Admiral William E. Lemos USN, in *House Committee on Foreign Affairs, Chemical Biological Warfare: U.S. Policies and International Effects. Hearings before the Subcommittee on National Security Policy and Scientific Developments*, (Washington, U.S. Govt. Print. Off., 1970) p.231 (91st Cong., 1st Sess.) Nov. 18, 20; Dec. 2, 9, 18 and 19, 1969) [hereinafter *U.S. Congress, Foreign Affairs, Chemical Biological Warfare, 1970*].

13 GAO REQUEST 1979, *supra* note 11, at 29.

tional Academy of Sciences estimated that of the 3.6 million acres sprayed, 66 percent was sprayed once, 22 percent was sprayed twice, 8 percent was sprayed three or more times, and 4 percent was sprayed four or more times.[14] Herbicide Orange was sprayed undiluted in Vietnam at the rate of about 3 gallons (containing 12 pounds of 2,4-D and 13.8 pounds of 2,4,5-T) per acre.[15] Civilian applications of this herbicide's components are usually diluted in oil and water. According to industry officials, the civilian application rate of 2,4,5-T varies from 1 to 4 pounds per acre.[16] A defense official stated that the heavier applications were necessary to assure success of the herbicide operations. They further advised that because of the dense jungle canopy, the amount of herbicide penetrating to the forest floor (six percent of that applied)[17] would have been similar to those normally applied to brush-infested ranch land in the United States.[18]

When one converts the millions of gallons sprayed, *supra*, to pounds of herbicide, the 44 million pounds of 2,4,5-T contained an estimated 368 pounds of the toxic contaminant

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14 *Id.* at 2.

15 Since Herbicide Orange is a 50:50 mixture of 2,4-D and 2,4,5-T, an average TCDD contaminant level of two parts per million (ppm) would indicate that the 2,4,5-T component, as manufactured, contained TCDD levels averaging about 4 ppm. GAO Request 1979, *supra* note 11 at 2, 3 n.1.

16 GAO Request 1979 *supra* note 11 and Young *supra* note 6, at 1-2 through 1-15.

17 House Comm. on Veterans' Affairs, 95th Cong. 2d Sess., *Herbicide "Agent Orange", Hearings before the Subcommittee on Medical Facilities and Benefits.* (Oct. 11, 1978) [hereinafter *Veterans' Hearings*], (Statement of Maj. Gen. Garth Dettinger USAF, Deputy Surgeon General USAF, *id.* at 12); *see also* USAF Herbicide Orange Report, *supra* note 6, at 1-20; and Tschirley, *Response of Tropical and Subtropical Woody Plants to Chemical Treatments,* Research Report CR-13-67, Agr. Res. Services, USDA, Wash., D.C. (1968) [hereinafter Tschirley].

18 GAO Request 1979, *supra* note 11 at 2., and *Veterans' Hearings supra* note 17, at 12.

TCDD or dioxin. (NAS estimated that between 220-368 pounds of TCDD were released over South Vietnam during the period August 1965 to February 1971).[19] Ninety-six percent of all 2,4,5-T was in Herbicide Orange; the remaining four percent was in Green, Pink and Purple (which contained approximately 40 percent [143 pounds] of the estimated TCDD disseminated throughout South Vietnam). Green, Pink and Purple were sprayed as defoliants on less than 90,000 acres from 1962 through 1964, when only a small force of U.S. military personnel were in South Vietnam. Ninety percent of all of the Herbicide Orange (containing 38.3 million pounds of 2,3,4-T and 203 pounds of TCDD) was used in defoliation operations on 2.9 million acres of inland forests and mangrove forest.[20] [This incongruity of amounts sprayed varying inversely to the numbers of personnel serving in South Vietnam, complicates the analysis of what the actual exposure to U.S. forces might have been, i.e. when the more toxic Agents Green, Pink and Purple were being used (1962-1964), there were only relatively small numbers of service personnel in South Vietnam and, as the later (and relatively less toxic) Agent Orange was being sprayed from 1965 through 1971, its more extensive use was concomitant to the massive buildup of American forces to 2.6 million service personnel].[21] A high Veterans Administration (VA) official has indicated that during the period 1962 through 1971 it was "theoretically possible that about 4.2 million American soldiers could have made transient or significant contact with the herbicides because of this operation (Ranch Hand—the code name assigned by the Air Force to the herbicide spraying missions)".[22]

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19 USAF Herbicide Orange Report, *supra* note 6 at 1-26, and Committee on the Effects of Herbicides in South Vietnam, Nat'l Academy of Science, Part A. Summary and Conclusions at 398 (1974).

20 USAF Herbicide Orange Report, *supra* note 6, at 1-26.

21 GAO Request 1979, *supra* note 11, at 6.

22 *Hearings, supra* note 17, at 27 (Testimony of Dr. Paul Haber, Asst. Chief Medical Director for Professional Services, Veterans Administration, Washington, D.C.).

III. Termination of Herbicide Use in Vietnam

The decision leading to the termination on April 15, 1970 of all military herbicide use was caused by a fascinating interplay of diverse elements of our political fabric—scientific, regulatory, diplomatic and legislative. These included the National Academy of Sciences (NAS), the National Cancer Institute (NCI), the National Institute of Health (NIH), the American Association for the Advancement of Science (AAAS), a spate of independent scientists, a host of executive departments and agencies, the departments of Defense, Agriculture, Interior and HEW, the Air Force, the Surgeon General, the State Department, the Office of the President, and the Congress itself.

One of the first distinguished scholars to voice concern for the continued use of herbicides containing the toxic substance dioxin was Yale botanist Arthur W. Galston, at the time President-elect of the Botanical Society of America. In his 1967 article in the *New Republic*, Professor Galston voiced a warning of the potential hazards of continued unbridled use of herbicides that was all too prophetic: "we are too ignorant of the interplay of forces in ecological problems to know how far-reaching and how lasting will be the changes in ecology brought about by the widespread spraying of herbicides in Vietnam. These changes may include immediate harm to people in sprayed areas. . . ."[23]

The Department of Defense (DOD) was not unmindful of the growing criticism within the scientific community on the department's use of herbicides in Vietnam. Each year the justification for continuation of Operation Ranch Hand was reviewed. In 1967, DOD contracted with Midwest Research Institute (MRI) of Kansas City, Missouri, for an in-depth

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23 Galston, Arthur W., *Herbicides in Vietnam*, New Republic, 19-21 (Nov. 25, 1967), *see also* Galston, *Plants, People and Politics*, BioScience, Vol. 20, p. 408 (April 1, 1970) and Galston, *Herbicides: No Margin of Safety*, in Science, Vol. 167, p. 237 (Jan. 16, 1970).

assessment of the ecological effects of extensive or repeated use of herbicides. MRI concluded that the greatest short-term or long-term ecological consequence (in South Vietnam) was the "destruction of the vegetation . . .", the long-term effects on wildlife were unpredictable (some good, some bad), "the herbicides used (in South Vietnam) . . . will not persist in the soil for a long period of time . . ." and, finally, ". . . the *possibility of lethal toxicity to humans . . . is highly unlikely and should not be a matter of deep concern . . . .*"[24] Both NAS and AAAS reviewed the report following its publication in December of 1967 and felt that although it was a creditable review of the available scientific literature relating to herbicides and their ecological effects, it was only a first step in such an investigation.[25]

In September 1968, the U.S. Department of State released an assessment of the ecological consequences of the defoliation program in South Vietnam. Tschirley, a plant ecologist, visited South Vietnam for one month and later published the results of his observations in *Science* (the Journal of the AAAS). Major conclusions reached by Tschirley included: "The defoliation has caused ecologic change, not irreversible, but recovery will take a long time . . . The effect on animals is not known, but it does not appear to have been extreme . . . There is no evidence to suggest that the herbicide used in Vietnam will cause toxicity for man or animals. . . ."[26] In order to supplement Tschirley's report, the Society for Social Responsibility in Science sponsored a visit by two zoologists in March 1969. Orians and Pfeiffer published their report in 1970. In contrast to the prior reports, they reported the

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24 House, W.B. *et al., Assessment of Ecological Effects of Extensive or Repeated Use of Herbicides,* Midwest Research Institute (Kansas City, Missouri). Sponsored by DOD: ARPA Order 1086, Final MRI Report No. 3103-B, 369 p.(1967) (emphasis added), quoted at length in *USAF Herbicide Orange Report, supra* note 6, at V-13.

25 Anonymous. *A Preliminary Assessment of Herbicides and Defoliation,* Environ. Sci. Technol., 2(3):176-181 (1968).

26 Tschirley, F.H., *Defoliation in Vietnam,* 163 Science, 779 (1969).

ecological consequences of defoliation were severe, especially in areas receiving repetitive applications of defoliants. Little evidence of toxic effects of herbicides to animals was found, although they did receive a report (by interview) of many sick and dying birds and mammals. This report was not investigated. No evidence was found that the herbicides had direct adverse effects on human health, although they did receive reports on the tremendous impact on remote mountain people.[27]

At this point, the Department of Agriculture (USDA) entered the scene, albeit involuntarily. In a February 1969 meeting of the National Academy of Science/National Research Council Committee, a copy of a "confidential" report prepared by the Bionetics Research Council Committee (BRC) (who had been employed by USDA to study the mutagenic, carcinogenic and teratogenic potential of a very large number [140] of commonly used pesticides) was shown to this influential committee. This study used highly susceptible test animals that were treated with massive doses of pesticides. Since the USDA had paid for the study, the report was made to them. In these studies, 2,4,5-T showed a "significant potential to increase birth defects."[28]

About four months after the NAS Committee had seen the BRC report (June or July 1969), the first reports of human birth defects allegedly attributed to Herbicide Orange appeared in Vietnamese newspapers between June 26 and July 5, 1969.[29] They blamed the increases on the chemicals used in defolia-

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27 Orians & Pfeiffer, *Ecological Effects of the War in Vietnam*, 168 SCIENCE 554 (1970).

28 Davis, *supra* note 1, at 92, and telephone interview of Nov. 1, 1979 by Bruce F. Meyers with Prof. Donald Davis (Auburn Univ., member of 1968-69 National Academy of Science/National Research Council Committee on Persistent Pesticides).

29 Advisory Committee on 2,4,5-T. Report of the Advisory Committee on 2,4,5-T to the Advisor of the Environmental Protection Agency of May 7, 1971 (unpublished), quoted in EPA RPAR on 2,4,5-T at 43 Fed. Reg. 17124, 17144 n.48 (1978) [hereinafter *Advisory Committee Report on 2,4,5-T*], and USAF HERBICIDE ORANGE REPORT *supra* note 6, at V-14.

tion. There is still no unanimity regarding interpretation of these findings. The number of recorded birth defects did significantly increase, however. Saigon is not in the area where most of the defoliation missions were flown, and similar increases in birth defects were not recorded in areas where defoliation was much more extensive.[30] [E.g., one could take note of the concomitant influx of American doctors and other medical personnel into the Saigon area, which might have had a positive impact on better record keeping, thus explaining to some degree the apparent increase.]

A sense of greater urgency was attached to the mounting national concern about 2,4,5-T when, in October 1969, Dr. Lee F. Dubridge, Science Advisor to the President, announced that there would be a partial curtailment of the use of this herbicide.[31] Following this announcement by the Office of the President, the Department of Defense restricted the use of Herbicide Orange to areas remote from population in South Vietnam. These actions were prompted by the National Institute of Health (NIH) report that 2,4,5-T could cause malformations and stillbirths in mice.[32]

In all probability, the "leaking" to the press of the USDA report (allegedly by a member of "Nader's Raiders", who "suggested" that USDA was trying to "hide" the adverse report) prompted the Surgeon General of the United States on April 15, 1970 to issue an opinion that the use of 2,4,5-T might be hazardous to "our health".[33] He was immediately strongly criticized by some for not acting sooner.[34]

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30 Davis, *supra* note 1, at 92.

31 McCullough, *supra* note 11, at 11.

32 GAO Request 1979, *supra* note 11, at 3.

33 Davis, *supra* note 1, at 93.

34 Whiteside, T., *The Pendulum and the Toxic Cloud: The Course of Dioxin Contamination*, Yale Univ. Press, New Haven, CT (1979) [hereinafter Whiteside], at p. 1.

On April 15, 1970 the Secretaries of Agriculture, HEW, and the Interior, jointly announced the suspension of certain uses of 2,4,5-T. These suspensions resulted from published studies indicating that 2,4,5-T was a teratogen.[35] On the same day, the Department of Defense suspended all use of Herbicide Orange, containing the 2,4,5-T.[36] The Dow Chemical Company, the primary manufacturer of 2,4,5-T and 2,4-D, predictably denied this teratogenicity, stating that according to their tests (with 2,4,5-T that had been produced in accordance with their production specifications) there was no indication of any fetal abnormalities.[37] However, the Dow tests did confirm the Bionetics Research Council (BRC) findings that, when dioxin was present in quantities exceeding (then-current) production specifications, birth defects did occur.[38]

IV. Congressional Actions Regarding 2,4,5-T and/or Dioxin

Congress was keenly aware of the growing storm against the military use of herbicides. Within the Senate, attempts to block further use of herbicides in Vietnam were initiated by a proposed amendment (No. 784) to the authorization of appro-

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35 The Secretaries' actions were taken because of evidence indicating "that 2,4,5-T, as well as its contaminant, dioxins, may produce abnormal development in unborn animals. Nearly pure 2,4,5-T was reported to cause birth defects when injected at high doses into experimental pregnant mice but not in rats. No data on humans are available." April 15, 1970 announcement of U.S. Department of Agriculture, U.S. Dept. of Interior, U.S. Dept. of Health, Education and Welfare, quoted in *Dow Chemical v. Ruckelshaus*, 477 F.2d 1317, 1319 (8th Cir. 1973), [hereinafter *Dow v. Ruckelshaus*]; *see also* Whiteside, *supra* note 34, at 2, and USAF Herbicide Orange Report *supra* note 6, at II-1.

36 *Id.* and USAF Herbicide Orange Report, *supra* at II-1 and, McCullough, *supra* note 11 at 20.

37 Flint, Jerry, *Dow Aides Deny Herbicide Risk*, in N.Y. Times, March 18, 1970, at 72.

38 McCullough, *supra* note 11, at 13.

priations for military procurement which prohibited the transfer of such weapons for use by second countries (presumably to prevent transfer to Vietnamese forces to permit them to do what the Congress was forbidding U.S. forces to do). The amendment also provided for the elimination of the present stockpile of antiplant chemical weapons (Agent Orange).[39] When this amendment was defeated by a voice vote of 62-22, another amendment (No. 863) was offered which proposed the prohibition of crop destruction in warfare.[40] This amendment was also defeated by a vote of 48-33.[41] The Senate was obviously attempting to balance the growing criticism of the use of herbicides against the "undisputable" saving of American lives.[42]

Both houses of Congress wanted more information on the possible toxicity of the herbicides in use. The House of Representatives was able to implement this desire by its appropriation action with respect to the military procurement bill for 1971. They directed the Secretary of Defense to arrange with the National Academy of Sciences (NAS) to conduct a study on the effects of herbicides in South Vietnam, including health effects.[43] A prior portion of the same section of the Act

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39 *U.S. Congress. Congressional Record* at S11524-33 (July 16, 1970) (authorization for military procurement and other purposes).

40 *U.S. Congress. Congressional Record* at S14240-58 (August 26, 1970).

41 Congressional Record at S14419 (August 27, 1970).

42 E.g. "For whatever the possible side effects of our herbicide program, its primary contribution is indisputable: it has saved the lives of Americans in Vietnam." *Id.*

43 Public Law No. 91-441, sec. 506(c), 84 Stat. 905, 91st Cong., 2d Sess. Oct. 7, 1970:

> "(c) (1) The Secretary of Defense shall undertake to enter into appropriate arrangements with the National Academy of Sciences to conduct a comprehensive study and investigation to determine (A) the ecological and physiological dangers inherent in the use of herbicides, and (B) the ecological and physiological effects by the defoliation program carried out by the Department of Defense in South Vietnam."

precluded expenditure of any funds for procurement of any "lethal chemical or any biological warfare agents . . ."[44] and in the event of any disposal of such elements that "such agents [be] detoxified or made harmless to man and his environment."[45]

V. Disposal of Herbicides from South Vietnam

In September 1971, the Department of Defense directed that the Herbicide Orange remaining in South Vietnam be returned to the United States and directed that the entire 2.22 million gallons (unexpended) be disposed of in an "environmentally safe and efficient manner." At the time of the DOD suspension of its use, there were 1.37 million gallons of Herbicide Orange in South Vietnam and 0.85 million gallons at the Naval Construction Battalion Center (NCBC) at Gulfport, Mississippi. The 1.37 million gallons were removed from South Vietnam in April 1972 to remote Johnston Island in the Pacific Ocean for storage pending disposal.[46] Various techniques of destruction and/or recovery of the herbicides used in South Vietnam were investigated between 1971 and 1974. Destructive techniques that were considered included soil biodegradation, high temperature incineration, deep-well injection, burial in underground nuclear test cavities, sludge burial and microbial reduction. Recovery techniques that were being examined (in order to possibly recover a useful product) included use, return to the manufacturers, fractionation and chlorinolysis.

Of the techniques considered, only high temperature incineration was sufficiently developed to warrant further investigation. The others were rejected for a number of reasons,

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44 *Id.* at 506(a).

45 *Id.* at 506(d).

46 The average concentration of TCDD in the Agent Orange awaiting disposal was 2 ppm and the total amount of TCDD in the entire stock was approximately 44.1 pounds. USAF Herbicide Orange Report, *supra* note 6, at II-1.

including inadequate assurance of success, long lead-times for development of efficient methods, and a complete lack of industrial interest.[47] Initially, the Air Force proposed to incinerate the remaining stocks at a commercial incineration site in Deer Park, Texas. The Texas Air Control Board was less than ecstatic about the prospect of spreading toxic contaminant byproducts over the Texas countryside.[48] In a like manner, the Mississippi Air and Pollution Control Commission in February 1972 formally requested that the Agent Orange (which was stored at NCBC at Gulfport) "be removed from its location immediately."[49]

Finally, in response to the persistent urging and the realization that many of the steel drums containing the Agent Orange were beginning to leak, the Air Force, in December 1974, filed a final Environmental Impact Statement (EIS) with the President's Council on Environmental Quality. They had made the decision to incinerate the remaining stocks aboard a specially designed Dutch incineration vessel, the "Vulcanis." This was to be done at sea, in a remote area west of Johnston Island.[50] EPA held public hearings in February 1975 in accordance with the Marine Protection, Research and Sanctuaries Act of 1972, as amended.[51] The EPA deferred approval at this time and

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47 *Id.* As to the last mentioned possibility, when the USAF asked the manufacturers to take the Agent Orange back (according to a subsequent statement made to the EPA by an Air Force official) this proposal "created what might be known as a wide wave of disinterest on the part of manufacturers," WHITESIDE, *supra* note 34, at 20.

48 "The area around the proposed site of incineration . . . is a highly industrialized area (that already) has relatively high concentrations of air pollutants. The addition of combustion products from the incineration of over two million gallons of Orange herbicide into the atmosphere of this area over a prolonged period could compound an existing problem and *might very well prove harmful.*" [emphasis added], quoted in WHITESIDE, *supra* note 34, at 20.

49 *Id.*

50 USAF HERBICIDE ORANGE REPORT, *supra* note 6, at II-2.

51 33 U.S.C. 1401 *et seq.* "(a) Unregulated dumping of material into ocean waters endangers human health . . . and the marine environ-

instead requested the Air Force to further explore reprocessing as a means of disposition prior to making a final decision to incinerate.[52] The reprocessing was actively pursued and in February 1977 the Air Force concluded that the reprocessing option was not feasible, timely or cost-effective because a technique for the ultimate disposal of the activated carbon by-product was not available or anticipated in the forseeable future.[53] In March 1977 the Air Force requested reconvening of the EPA public hearings. Following these hearings, the EPA ultimately issued a research permit to the Air Force and Ocean Combustion Services.[54]

In the destruction of Agent Orange stocks, the agent was drained from the drums at each of the sites (Johnston Island in the Pacific and Gulfport, Mississippi) and was transferred to the Vulcanis. The empty drums were rinsed with diesel fuel and crushed. The rinse was then combined with the Agent Orange for incineration at sea. The operation was finally completed in September 1977, 16 years after its first military use.[55]

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ment, ecological systems . . ." and (b) The Congress declares that it is the policy of the United States to regulate dumping . . . into ocean waters and to prevent or strictly limit dumping . . . any material which would adversely affect the human health . . . or the marine environment . . ."

52 Ocean dumping, receipt of application and tentative determination. U.S. Environmental Protection Agency. 40 *Federal Register* 13026-28, (1975).

53 USAF Herbicide Orange Report, *supra* note 6.

54 Marine Protection, Research and Sanctuaries Act (Ocean Dumping) Research Permit No. 77ODHOO1R, United States Environmental Protection Agency, Washington, D.C., 15 p. (1977), cited USAF Herbicide Orange Report, *supra* note 6, at II-19.

55 A total of 15,480 drums of Agent Orange were processed at the Mississippi site by approximately 110 USAF officers and technicians. A total of 24,795 drums were processed at Johnston Island by some 100 civilians hired by the contractor to perform the dedrumming process. At both sites, workers were provided with daily changes of work clothes and protective masks, hoods and clothes. The incineration was completed at sea during the period July to September 1977. Congressional Research, *supra* note 10, at CRS-7.

To ensure environmental safety, various monitoring and sampling programs were carried out in connection with the de-drumming and incineration. The results of these sampling programs revealed that the levels of 2,4-D and 2,4,5-T vapors were all below the Threshold Limit Value (TLV) for each of these materials.[56]

The congressionally directed studies to be done by NAS were conducted in South Vietnam during the period 1972-1973. The NAS committee spent about 1,500 man-days in South Vietnam during the course of the study. In a February 1974 report, NAS expressed concern over TCDD because of (1) its very high toxicity to animals, (2) its presence in Agent Orange, (3) preliminary reports of the presence of TCDD in fish in Vietnam, and (4) the lack of any data permitting assessment of TCDD effects on humans.[57] As a result, the Academy recommended that long-term studies be made to obtain a firmer basis for assessing the potential harmful effects on man.[58] The NAS committed could not gather any definitive indication of direct damage by herbicides to human health. The committee, however, was unable to visit the Montagnards in their own locals to

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56 The noted levels were at least two and in most cases three orders of magnitude below the TLV's. TCDD was not detected in any air samples. Biomonitoring using rapidly growing tomato plants was used to confirm dispersal and diffusion downwind of the dedrumming and incineration sites. No adverse environmental impact resulted from these operations. USAF Herbicide Orange Report, *supra* note 6, at II-8, II-10, II-15, II-18.

57 *Committee on the Effects of Herbicides in South Vietnam. 1974: Part A. Summary and Conclusions.* National Academy of Science, Washington, D.C., 398 [hereinafter *1974 NAS Study*], quoted in summary at USAF Herbicide Orange Report, *supra* note 6, at V-17, and in General Accounting Office Community and Economic Development Division, CED-78-158 (08766) dated August 16, 1978, letter to Rep. Ralph H. Metcalfe, House of Representatives [hereinafter *Metcalfe letter*] at p. 5 and Encl. III, at p. 7, General Accounting Office, Washington, D.C.

58 "Further intensive studies are especially required with reference to the ecological distribution, the pharmacology mechanism of toxicity, possible mutagenicity, and carcinogenicity in man," *Id.*

verify common and consistent reports of serious illness and death, especially among children, after exposure to herbicide sprays.[59]

With the increasing politicization of the herbicide issue worldwide, even within South Vietnam itself, the NAS committee attempted an assessment of the effects of the propagandistic activities on the attitudes of South Vietnamese towards the use of herbicides. They concluded that it had become a symbol among the urban intellectuals and was a lesser issue with the peasants.[60]

VI. Diplomatic Imprint of the Military Use of Herbicides

In concert with the mounting concern and criticism within both the scientific community and the Congress as to the continued military use of herbicides (particularly Agent Orange), foreign criticism also mounted. Allegations against the United States with regard to "chemical warfare" in Vietnam were discussed as possible violations of the Geneva Protocol of 1925.[61] [This Protocol was proposed at Geneva in 1925 by the United States as a ban on the use in war of

59 *Id.* at Encl. III at p. 7.

60 "Our findings indicate that there is a major dichotomy between the views of the rural population and those of the urban middle-sector regarding the use of herbicides in SVN. Contrary to what might be expected, the herbicide missions are much less an emotional issue among the peasants, who bore the brunt of the effects, than it is among the urban intellectuals for whom it has become a symbol." *1974 NAS Study, supra,* portion quoted in USAF Herbicide Orange Report, *supra* note 6, at V-30.

61 "Internationally, the United States has provoked mistrust and criticism. Countries of the world have spoken out against the United States' use of chemical warfare in Vietnam, declaring that it is immoral, inhuman, in violation of the provisions of the Geneva Protocal of 1925, and [is] contrary to customary international practice which has developed as a result of the Protocol." Goodell, *Targets for Further Disarmament,* Center for International Studies Policy Paper Series No. 2, CIS No. 4 at 6 (1969). *Quoted in McCullough, supra* note 11, at 29.

"asphyxiating, poisonous or other gases." It was first submitted to the Senate for ratification in 1926, but was never ratified].[62]

The United States' position has consistently been that the use of herbicides in war is not prohibited by the Geneva Protocol.[63] This was the position taken by Secretary of State Rogers and by President Nixon in their letter of [re]transmittal of the Protocol to the Senate in August 1970 for its advice and consent to ratification.[64]

Illustrative of the contrary view taken by many others in the international community, was the adoption of a Swedish resolution in the United Nations General Assembly in December 1969 (by a vote of 80 to 3) which: "stipulated that it was contrary to the 'generally recognized rules of international law', as embodied in the Geneva Protocol, to use in international conflicts 'any chemical agents of warfare' phrasing which was intended to cover tear gas and other non-lethal chemicals as well as herbicides."[65]

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62 Presidential Document: Ford, *Geneva Protocol of 1925 and the Biological Weapons Convention*, WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS 73-74 (1975), Office of the Federal Register, National Archives and Records Service, GSA, Washington, D.C. 20408 [hereinafter *President Ford's remarks re Geneva Protocol*].

63 House Committee on Foreign Affairs. *Chemical-Biological Warfare: U.S. Policies and International Effects. Hearings before the Subcommittee on National Security Policy and Scientific Developments.* (Washington, U.S. Govt. Print Off., 1970) p. 231 (91st Cong., 1st Sess.) November 18, 20; December 2, 9, 18 and 19, 1969 [hereinafter *House Chemical Warfare Hearings*] at p. 224.

64 President Nixon's Letters of Transmittal on the Protocol for Prohibition of the Use in War of Asphyxiating, Poisonous, or Other Gases, and of Other Bacteriological Methods of Warfare, (to the Senate of the United States), August 19, 1970.

"It is the United States' understanding of the Protocol that it does not prohibit the use in war of riot-control agents and chemical herbicides. Smoke, flame and napalm are also not covered by the Protocol." Department of State, Letter of Submittal [Of the Geneva Protocol of 1925] to the President, (August 11, 1970).

65 House Committee of Foreign Affairs, *supra* note 63, at 24
[The United States, Australia and Portugal were the only nations voting against this resolution, although there were 36 abstentions].

There are many arguments and analyses on whether herbicides (antiplant compounds) were to be included within the scope of the Geneva Protocol. Most analyses of this issue center around the fact that herbicides had not been discovered in 1925 when the Protocol was written.[66]

Following the resubmission of the Geneva Protocol of 1925 to the Senate in August of 1970 by President Nixon, extensive congressional hearings were conducted in 1971, during which differing views developed. At this same time the executive branch (and in particular the Departments of State and Defense as well as Justice) undertook a thorough and comprehensive review of the military, legal and political issues relating to the Protocol. Following the passage of the presidential office to Gerald R. Ford, President Ford announced on January 22, 1975 a new policy to govern any future use in war of riot control agents and chemical herbicides.[67] On that date President Ford signed the instruments of ratification of the Geneva Protocol of 1925 and the Biological Weapons Convention, to which the Senate had given its advice and consent on December 16, 1974.[68] The new policy was a renunciation of: "the first-use of herbicides in war except use, under regulations, applicable to their domestic use, for control of vegetation within U.S. bases and installations or around their immediate defensive perimeters."

This was set forth as an Executive Order,[69] which in addition, reaffirmed United States Policy (established in 1971), that

66 See for example: A.G. Thomas, Ann Van Wynen *et al.*, Legal Limits on the Use Of Chemical and Biological Weapons. (1970); and Goldblat, *Are Tear Gas and Herbicides Permitted Weapons?*, Bulletin of the Atomic Scientists, April 1970, at 13-16.

67 *Supra* note 62, at p. 74.

68 *Id.* and for Senate advice and consent, see: 120 Congressional Record 39579-41020 (December 16, 1974) (The Geneva Protocol of 1925).

69 Executive Order 11850. Renunciation of Certain Uses in War of Chemical Herbicides and Riot Control Agents, April 8, 1975, *Presidential Documents: Gerald R. Ford, 1975*. Weekly Comp of Pres. Doc., Vol. II-1. Office of the Federal Register, National Archives and Record Service, GSA, Washington, D.C. at p. 350.

"any use in war of chemical herbicides and riot control agents must be approved by me [the President] in advance."[70]

From this review of the United States foreign policy with respect to the use of herbicides for military operations, one can see what some might characterize as a "responsive adjustment" as the body of scientific evidence grew on the possible toxic effects of our military herbicides (specifically 2,4,5-T and dioxin). During this same time similar reassessments were going on with respect to its domestic and civilian uses.

VII. Civilian Usage and Eventual Curtailment

As discussed *supra*, the civilian usage and eventual curtailment of 2,4,5-T is beyond the full scope of this article. An overview, however, to show the similarities in resistance to curtailment is necessary in order to place the Agent Orange problems in appropriate perspective.

The herbicide 2,4,5-T has been produced as a "registered pesticide" in the United States since 1948. EPA records show approximately 122 companies hold Federal registrations and formulate 424 registered products;[71] eleven additional companies have former state registration[72] and formulate 21 products. To provide some insight as to the magnitude of the civilian usage within the United States, the Department of Agriculture's official *Pesticide Review* reported that 11.6 million pounds of 2,4,5-T acids, esters and salts were produced in the United States in 1969 and 12.3 million pounds in 1970. During the period 1971-1974 some 0.7 million pounds were imported.[73] Principal domestic use in 1974, as an example of the panoply of types of utilization, was as follows: (1) weed control on rights-of-way: 4 million pounds; (2) range land and

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70 Ford, *supra* note 62, at 74.

71 U.S. Environmental Protectin Agency, *supra* note 29, 17118.

72 *Id.* at 17118 n.3. *See* 40 C.F.R. 162.17(a).

73 U.S. Department of Agriculture, Agricultural Stabilization and Conservation Service. 1976. The *Pesticide Review* 1975, quoted in U.S. Environmental Protection Agency, *supra* note 29.

pastures: 1.5 to 2.3 million pounds; (3) rice crops: 220,000 pounds; and (4) forestry: 50,000 pounds.[74]

Since 1950 most of the chemical industry has known that large quantities of TCDD may be formed as a byproduct of the 2,4,5-T manufacturing process if the manufacturing procedures were not carefully controlled. At one time, 2,4,5-T was produced which contained between 30-40 ppm of TCDD. Between 1968 and 1969, one manufacturer had a 90 percent decrease in TCDD present in the 2,4,5-T that it produced. After concern arose in 1969 about the extremely toxic effects of TCDD, manufacturing methods were changed and carefully controlled. By 1971 industry had reduced TCDD content in commercial samples to less than 1 ppm. Current U.S. manufacturing specifications require 2,4,5-T presently being sold to contain less than 0.1 ppm. Several foreign countries now produce commercial 2,4,5-T containing less than 0.05 ppm of TCDD.[75]

Herbicide 2,4,5-T has been the subject of a number of Federal regulatory actions following its first registration in March 1948. Initially, regulation of 2,4,5-T came under the aegis of the United States Department of Agriculture (USDA). Subsequently this function was transferred to EPA. On April 13, 1966 USDA and the Food and Drug Administration (FDA) jointly announced in the *Federal Register* the abolishment of the "no residue and zero tolerance" concepts [of drug and chemical registration] as scientifically unattainable. Future registrations were to be granted on the basis of either "Negligible Residue" or "Permissible Residue." Industry was given until December 31, 1967 to comply by obtaining tolerances for residues of 2,4,5-T in all treated food, feed products and

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74 *Id.* at 17119.

75 *Id.* The average TCDD levels in Agent Orange used in South Vietnam was 2 ppm (96% of all herbicide used was Agent Orange) and approximately 32.8 ppm of Agent Purple and 65.6 ppm in Agents Pink and Green (comprising the remaining 4% of herbicides used), CONGRESSIONAL RESEARCH, *supra* note 10, at CRS-2.

byproducts.[76] Following this announcement, a series of Pesticide Registration (PR) notices were issued over the next several years, extending certain "no residue" and "zero tolerance" registrations for the uses of 2,4,5-T on pasture grasses and rangeland, apples, blueberries, cereal grains, rice, sugarcane, and in lakes and ponds.[77] Subsequent PR Notices identified 2,4,5-T compounds as requiring further teratogenic studies.[78] PR's 70-11 and 70-13, issued in April and May of 1970, however, suspended 2,4,5-T products from certain uses (e.g. on lakes, ponds or ditch banks and around home and recreation sites),[79] but PR 70-13 issued on May 1, 1970 *cancelled* (among other uses) *all 2,4,5-T uses on food crops intended for human consumption.*[80]

With these last PR cancellations of registration for 2,4,5-T food crop use, two of the registrants (who were two of the largest manufacturers of 2,4,5-T in the United States) Dow Chemical and Hercules Incorporated, exercised their rights under section 4(e) of the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA)[81] by petitioning for referral of the cancellation to an Advisory Committee of scientists to review all relevant facts.[82] The Advisory Committee met and submit-

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76 U.S. Environmental Protection Agency, *supra* note 29, at 17124.

77 *Id.*

78 An agent or chemical is considered teratogenic when it causes development disturbances in the embryo resulting in congenital malformation. *GAO Request* 1979, *supra* note 11, at 20., USDA. 1970. PR Notice 70-8. Looseleaf pub. 1, p.

79 USDA. 1970. PR Notice 70-10. Looseleaf pub. 2 pp.

80 USDA. 1970. PR Notice 70-13. Looseleaf pub. 2 pp (emphasis added).

81 7 USC § 135 *et seq.* [hereinafter *FIFRA*].

82 Sec. 4(c) of FIFRA (1964 amendment) provides for a nine-member committee of scientists to consider all relevant facts, submit a report and recommendations regarding registration (or continuation). (Explained in *EPA supra* note 29, at 17124).

ted their report to the Administrator of EPA in May 1971, recommending:

> permitted use of 2,4,5-T in forestry, range land and rights-of-way providing that the limit of 0.1 ppm contamination with TCDD be set for all future production of 2,4,5-T; that all 2,4,5-T be applied no more than once a year at any one site; and that 2,4,5-T be applied with proper caution so that it will not contaminate other areas where it may come into contact with humans.[83]

Shortly thereafter, USDA published PR Notice 70-22 on September 28, 1970 advising of the presence of chlorodioxin contaminants (such as TCDD) in economic poisons (including herbicides and pesticides). It stated further, that such contaminants in 2,4,5-T constituted a possible hazard to man since they had been found to be extremely toxic to laboratory animals. This PR advised that appropriate regulatory action would be taken under FIFRA since products containing chlorodioxins were considered to be "in violation of FIFRA."[84] Dow moved to protect one of its major markets—rice. They filed for injunctive relief in the District Court in Arkansas (an area heavily involved in rice crop production). They obtained injunctive relief against EPA in the United States District Court in Arkansas in July 1972, enjoining further administrative action against 2,4,5-T. The United States Court of Appeals for the Eighth Circuit overturned this injunction in April 1973,[85] and EPA proceeded with formal cancellation hearings to remove the herbicide from the market. [Dow was not the complete loser in this action: they were successful in gaining nearly two years of delay in the suspension of their appeal].

Extensive public hearings were held during 1974 on all uses of 2,4,5-T including insecticides as well as herbicides contain-

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83 *Id.* at 17124, 17144 n.48.

84 USDA. 1970. PR Notice 70-22. Looseleaf pub. 1 p., and see *EPA RPAR on 2,4,5,-T, supra* note 29, at 17124.

85 Dow Chemical Co. v. Ruckelshaus, 477 F.2d 1317, 1320 (8th Cir. 1973).

ing 2,4,5-T. In June 1974, EPA decided that it would "continue its TCDD residue monitoring" since it didn't have sufficient hard evidence that was needed to rebut the herbicide manufacturers and users (farms groups), and [to the shock of environmental groups] withdrew the proceedings.[86] Although the 2,4,5-T Notice of Hearing was withdrawn, EPA advised that it would continue its TCDD residue monitoring and that it will take such further action as it deems appropriate once the results of the monitoring projects were available.[87] EPA continued its review of 2,4,5-T in a series of studies and conferences. They established a Dioxin Implementation Plan (DIP) which was intended to identify the preferable, analytical methodology for the monitoring of human and environmental samples for TCDD.[88]

During this time (1974-1979) the results of several TCDD "incidents" began to develop and corroborate, in an ominous manner, the dangerous toxicity to humans and animals of TCDD. In August 1972, in a horse arena in Eastern Missouri, 57 horses died shortly after exposure to arena turf that had been oil-treated. The cause of death was an illness characterized by skin lesions, severe weight loss and heptotoxicity. Birds, dogs, cats, insects and rodents were also found dead in and

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86 *EPA, supra* note 29, at 17124. (EPA Administrator for Toxic Substances, Steven Jellinek explained: "While laboratory studies have demonstrated that even such minute quantities of dioxin [as those present in the environment] could produce oncogenic, teratogenic and other reproductive effects in animals . . . the exposure link between the use of 2,4,5-T and these effects in human beings could not be demonstrated. The inability to generate reliable data relating to 2,4,5-T use to a measurable presence of dioxin made it difficult to determine whether the risks associated with the compounds' use were unreasonable, and EPA therefore withdrew the proceedings." June 1979 *Congressional Hearings before House Commerce Committee, Subcommittee on Oversight and Investigations*, quoted in *Human Disease Linked to Dioxin: Congress Calls for 2,4,5-T Ban After Dramatic Herbicide Hearings*, BioScience Vol. 28, No. 8, August 1979, at 454 [hereinafter *Dioxin Linked*].

87 39 C.F.R. 24050. (June 28, 1974).

88 EPA *supra* note 29, at 17124.

around the arena. One six-year old girl exposed developed epistaxis, gastrointestinal complaints, and severe hemorrhagic systitis (characterized by blood in the urine). Subsequent studies and investigations determined that the arena had been treated with surplus oil sludge that had been contaminated with TCDD (31-33.8 ppm).[89]

89 USAF HERBICIDE ORANGE REPORT, *supra* note 6, at V-17, V-18; *EPA*, *supra* note 29, at 17123.

APPENDIX C

APPENDIX C

Plaintiff's Amended Verified Complaint Dated June 29, 1979 MDL 381 Document No. 0014, pp. 35-46, ¶¶ 79-117.

2,3,7,8-tetrachloro dibenzo *p*-dioxin (TCDD or "Dioxin")

79. The polychlorinated dibenzo-*p*-dioxins (PCDDs) and the polychlorinated dibenzo furans (PCDFs) are two series of tricyclic aromatic chemical compounds which exhibit similar chemical and physical properties. Each of the series of compounds have eight possible points of chemical addition, and from the monochloro to the octachloro derivatives it is possible to obtain 75 positional isomers among the PCDDs and 135 positional isomers among the PCDFs. Upon information and belief, the first chlorinated dioxin, the octachlorinated compound, was prepared as early as 1872 by two German chemists, Merz and Weith, although the structure of the compound they prepared was not clearly described until 1957. . . .* during the 1930s, a Japanese group started synthesizing chlorinated dioxins, but they did not prepare TCDD.

80. . . . in 1957, Gilman and Dietrich reported that they had prepared tetrabromodioxin, and in the same year, Sanderman, Stockmann and Casten reported the first synthesis of TCDD. Both of the toxic tetrahalodioxins were prepared in quantities of approximately 20 grams by halogenation of the unsubstituted dioxin, and in both cases, the laboratory worker was hospitalized.

81. . . . the industrial preparation of 2,4,5-trichlorophenol starts with 1,2,4,5-tetrachlorobenzene, which, under basic conditions is hydrolyzed to 2,4,5-trichlorophenate at about 180°

* All allegations were made "upon information and belief" at the time the complaint was filed. Plaintiffs have since offered to prove the substantial truth of these allegations by a fair preponderance of the substantial credible scientific evidence and in this appendix the phrase "upon information and belief" has been omitted.

C. In the case where the solvent is methanol, the pressure rises and the formation of 2,3,7,8-tetrachloro dibenzo *p*-dioxin (TCDD or "Dioxin") is an unwanted side reaction which takes place when the reaction mixture is heated to 230-260° C, at which point the reaction is exothermic and even higher temperatures may be attained resulting in loss of reaction control. . . . in some processes the solvent has been changed from methanol to ethylene glycol so as to avoid the high pressure, however this reaction runs the risk of base-promoted dimerization of ethylene glycol to di-, tri-, and higher ethylene glycols and of exothermic decomposition reactions producing ethylene oxide which may occur spontaneously above 180° C and proceed rapidly and uncontrollably to form 2,3,7,8-tetrachloro dibenzo *p*-dioxin (TCDD or "dioxin"). . . . the toxic synthetic organic chemical 2,3,7,8-tetrachloro dibenzo *p*-dioxin (TCDD or "Dioxin") can also occur during pyrolysis of 2,4,5- trichlorophenol and 2,4,5-trichlorophenoxy acids.

82. . . . polychlorinated dibenzo-*p*-dioxins (PCDDs) and polychlorinated dibenzo furans (PCDFs) have been identified in fly ash and flue gas from municipal incinerators, and in dust from wood treated with certain chlorophenol pesticides.

83. . . . human exposure to 2,3,7,8-tetrachloro dibenzo *p*-dioxin (TCDD or "Dioxin") has occurred when polychlorinated dibenzo-*p*-dioxins (PCDDs) are formed during the production of certain compounds such as the herbicide 2,4,5-trichlorophenoxacetic acid (2,4,5-T), the fungicide pentachlorophenol, and the germidice hexachlorophene. The dioxins which occur as impurities and/or contaminants associated with these commercial products, result most often from treatment of chlorinated benzenes at elevated temperature and pressure under alkaline conditions.

84. . . . 2,4,5-T produced prior to 1965 was contaminated with 30 mg/kg [ppm] or more of the toxic synthetic organic chemical 2,3,7,8-tetrachloro dibenzo *p*-dioxin (TCDD or "Dioxin"). However, techniques are and have been available for producing 2,4,5-T with a TCDD or "Dioxin" content below 0.02 mg/kg. [ppm]

85. . . . the toxic synthetic organic chemical 2,3,7,8-tetrachloro dibenzo *p*-dioxin (TCDD or "Dioxin") is a nonpolar,

chlorinated aromatic molecule relatively immobile and not photodecomposed in soil; not biosynthesized by microbial condensation reactions; and not readily metabolized by soil microorganisms. . . . volatilization of the toxic synthetic organic chemical 2,3,7,8-tetrachloro dibenzo *p*-dioxin (TCDD or "Dioxin") is one of the pathways of dissipation from soil and other sites of application. However, . . . statements on the fate of the 2,3,7,8 TCDD or "Dioxin" in the environment have been and are now predicated upon the detection of the compound in environmental substrates, and . . . prior to 1973 the detection limit for 2,3,7,8 TCDD or "Dioxin" in soils was 100 parts per trillion [0.0001 parts per million]; and in biological tissue was 50 parts per billion (0.05 parts per million).

85. . . . the toxic synthetic organic chemical 2,3,7,8-tetrachloro dibenzo *p*-dioxin (TCDD or "Dioxin") is capable of bioaccumulation (being taken up by a living organism and retained), and can enter the human body from several contaminated elements of a food chain, including water.

86. . . . one of the most extensively studied isomers of the polychlorinated dibenzo-*p*-dioxins (PCDDs) and the structurally related polychlorinated dibenzo furans (PCDFs, contaminants found in some polychlorinated biphenyl compounds such as Aroclor, Clophen, Phenoclor) is 2,3,7,8-tetrachloro dibenzo *p*-dioxin (TCDD or "Dioxin").

87. . . . the synthetic organic chemical 2,3,7,8-tetrachloro dibenzo *p*-dioxin (TCDD or "Dioxin") is one of the most potent low molecular weight toxins and teratogens known.

88. . . . the toxic synthetic organic chemical 2,3,7,8-tetrachloro dibenzo *p*-dioxin (TCDD or "Dioxin") is a "cellular poison".

89. . . . the pathologic effects produced by the toxic isomers of polychlorinated dibenzo-*p*-dioxins (PCDDs) and polychlorinated dibenzo furans (PCDFs) vary quantitatively and qualitatively among different species; however, within a single species the toxic effects of these compounds are similar, differing only in the intensity of the toxic effect produced by a given isomer.

90. . . . the toxic polychlorinated dibenzo-*p*-dioxins (PCDDs) and, to the extent that toxicity has been determined,

the toxic polychlorinated dibenzo furans (PCDFs), have chlorine atoms in at least three of the four lateral ring positions (2, 3, 7, 8) and with at least one unsubstituted ring position.

91. . . . chloracne or acneform dermatitis characterized by comedones, keratic cysts, pustules, papules, and abscesses, is a condition often associated with and characteristic of human exposure to polychlorinated dibenzo-*p*-dioxins (PCDDs) and squamous metaplasia and keratinization of the sebaceous glands and hair follicles have been observed in the skin of a number of animal species following exposure to 2,3,7,8-tetrachloro dibenzo *p*-dioxin (TCDD or "Dioxin").

92. . . . clinical symptoms of chloracne may appear weeks or months after the initial exposure to polychlorinated dibenzo-*p*-dioxins (PCDDs) or polychlorinated dibenzo furans (PCDFs).

93. . . . in 1957, 2,3,7,8-tetrachloro dibenzo *p*-dioxin (TCDD or "Dioxin") was identified as the agent responsible for causing occupational chloracne in employees at factories producing chlorophenol.

94. . . . in 1971 polychlorinated dibenzo-*p*-dioxins (PCDDs) were implicated as the cause of chloracne in a plant producing 2,4-D and 2,4,5-T.

95. . . . a condition characterized by hydropericardium, ascites, subcutaneous edema, liver necrosis and death was described following accidental administration of toxic fats in the feed of broiler chickens. The toxic material occurred as a contaminant of commercial oleic and stearic acids produced from inedible tallow recovered from animal hides upon which trichlorophenols and pentachlorophenols had been used in the curing process. The edema causative was named "toxic fat" and more specifically "chick edema factor" until it was finally identified by X-ray crystallography as 2,3,4,7,8,9-hexachloro dibenzo *p*-dioxin. 2,3,7,8-tetrachloro dibenzo *p*-dioxin (TCDD or "Dioxin"), 2,3,7,8-hexachloro dibenzo *p*-dioxin, and 2,3,7,8-octachloro dibenzo *p*-dioxin also have been identified in several commercial fatty acids.

96. . . . 2,3,7,8-tetrachloro dibenzo *p*-dioxin (TCDD or "Dioxin") is metabolically stable in mammalian systems, and

acts upon the endoplasmic reticulum. . . . among the effects associated with exposure to 2,3,7,8-tetrachloro dibenzo *p*-dioxin (TCDD or "Dioxin") is an increase in the cellular smooth endoplasmic reticulum contents of hepatic and renal cells.

97. . . . 2,3,7,8-tetrachloro dibenzo *p*-dioxin (TCDD or "Dioxin") and other halogenated dibenzo-*p*-dioxins and dibenzo furans stimulate a number of enzyme systems.

98. . . . 2,3,7,8-tetrachloro dibenzo *p*-dioxin (TCDD or "Dioxin") is a potent inducer of hepatic and renal microsomal enzymes and, upon information and belief, can affect certain microsome-associated enzyme systems responsible for metabolizing foreign compounds and steroid hormones as well as increase the activity of both renal and hepatic glutathione-S transferase, an enzyme that converts several organic compounds to metabolites that are transported by the proximal tubules of the kidney.

99. . . . 2,3,7,8-tetrachloro dibenzo *p*-dioxin (TCDD or "Dioxin") induces δ-aminolevulinic acid synthetase (ALAS) the initial and rate-limiting enzyme in heme synthesis and the enzyme aryl hydrocarbon hydroxylase (AHH) a cytochrome mediated monooxygenase.

100. . . . the ability of various halogenated dibenzo *p*-dioxin congeners, including 2,3,7,8-tetrachloro dibenzo *p*-dioxin (TCDD or "Dioxin"), to induce ALAS and AHH correlates closely with their lethal, teratogenic, and acnegenic potency.

101. . . . mixed function oxidase enzyme systems (membrane-bound enzyme complexes which catalyze the oxidative, and for certain substrates reductive, metabolism of certain xenobiotics and endogenous lipophilic compounds (so classified because of an absolute requirement for both NADPH and molecular oxygen) and generally 'non-responsive' to other aromatic hydrocarbons were induced by 2,3,7,8-tetrachloro dibenzo *p*-dioxin (TCDD or "Dioxin").

102. . . . 2,3,7,8-tetrachloro dibenzo *p*-dioxin (TCDD or "Dioxin") induces AHH even in 'poorly responsive' strains of mice, not only in liver but also in lung, kidney and colon, and

upon information and belief, genetic resistance to induction of AHH by 3-methylcholanthrene in certain animal species was overcome by treatment with 2,3,7,8-tetrachloro dibenzo *p*-dioxin (TCDD or "Dioxin"). . . 2,3,7,8-tetrachloro dibenzo *p*-dioxin (TCDD or "Dioxin") is more potent than 3-methylcholanthrene in inducing AHH activity in the liver of certain animal species.

103. . . . among the other toxic effects of the toxic synthetic organic chemical 2,3,7,8-tetrachloro dibenzo *p*-dioxin (TCDD or "Dioxin") identified in a number of different animal species are to be found:

> alopecia; . . . hepatic cell necrosis, cirrhosis; hepatic porphyrin accumulation; . . . hypoplasia of lymphoid tissues (with particular involvement of the cortical cells of the thymus resulting in suppression of cell-mediated immunity and reduction of host defenses); . . . hyperplasia of the lymph tissue and bone marrow; . . . hematological changes including lymphopenia, thrombocytopenia, anemia, pancytopenia, leukopenia, hypoproteinemia, and increased susceptibility to infection concomitant with the suppression of sell-mediated immunity; . . . intestinal hemorrhage; . . . adrenal hemorrhage . . . hypoplasia of bone marrow and lymph nodes; . . . cellular effects including hypertrophy, hyperplasia and metaplasia in the bronchial tree, bile ducts, pancreatic ducts, salivary-gland ducts and palperbral conjunctivae; gastric hyperplasia and rulceration, hypertrophic gastritis; renal pelvis hyperplasia; ureter and urinary bladder hyperplasia; . . . general debilitation and wasting is associated with exposure to a lethal dose of polychlorinated dibenzo-*p*-dioxins (PCDDS) or polychlorinated dibenzo furans (PCDFS) in a number of animal species which exhibit a chronic and progressive weight loss with parallel mobilization of peripheral fat, increased serum triglyceride levels, and development of a fatty liver . . . testicular atrophy, necrosis and abnormal spermatocyte development.

104. . . . the embryotoxic, fetotoxic and teratogenic effects of the toxic synthetic organic chemical 2,3,7,8-tetrachloro

dibenzo *p*-dioxin (TCDD or "Dioxin") observed in certain animal species include:

> cleft palate . . . hemorrhages; . . . edema; . . . fetal kidney abnormalties which may progress into hydronephrosis during the postnatal period; . . . hydrocephalus; . . . lack of eyelid formation (open eye); . . . clubfoot; . . . increased prenatal mortality; . . . interference with lymphatic system development; . . . skeletal abnormalties; . . . increased fetal enzyme activity.

105. . . . the mutagenic and cytogenic effects of the toxic synthetic organic chemical 2,3,7,8-tetrachloro dibenzo *p*-dioxin (TCDD or "Dioxin") include:

> increased incidence of reverse mutations in *Escherichia coli* and *Salmonella typhimurium;* . . . increased reversion frequency to streptomycin independence in *Escherichia coli* Sd-4; . . . induction of frameshift mutations in *Salmonella typhimurium,* strain TA1532, but not base substitutions in strain TA1530; . . . inhibition of mitosis and chromosomal abnormalities (dicentric bridges and chromatin fusion with formation of multimuclei or a single large nucleus) were observed in endosperm cells of the African blood lily (*Haemanthus Katherinae* Baker).

106. . . . the toxic synthetic organic chemical 2,3,7,8-tetrachloro dibenzo *p*-dioxin (TCDD or "Dioxin") may form a physical complex by "intercalation" in DNA.

107. . . . exposure to 2,3,7,8-tetrachloro dibenzo *p*-dioxin (TCDD or "Dioxin") causes an increased incidence of neoplasms in certain animal species, and . . . the carcinogenic and tumorigenic effects of the toxic synthetic organic chemical 2,3,7,8-tetrachloro dibenzo *p*-dioxin (TCDD or "Dioxin") include:

> neoplastic nodules of the liver, cholangiocarcinomas, hepatocellular carcinoma; . . . carcinoma of the ear duct; . . . carcinoma of the kidney; . . . adenoma of the adrenal cortex; . . . metastacizizing retroperitoneal histiocytomas; . . . hyperplasia of the epithelium of the

lung, squamous cell carcinoma of the lung; . . . squamous cell carcinoma of the hard palate/nasal turbinates; . . . squamous cell carcinoma of the tongue; . . . altered lymphopoiesis; . . . epithelial changes including hypertrophy, hyperplasia, and mataplasia.

108. . . . the synergistic action of 2,3,7,8-tetrachloro dibenzo *p*-dioxin (TCDD or "Dioxin") with polycyclic hydrocarbons such as 3-methylcholanthrene (MC) has induced cancer in different animal strains in direct proportion to the degree of elevation of the induced enzyme activity.

109. . . . there have been at least 23 industrial incidents involving over 1,100 human beings, generally adult males, in exposure to toxic synthetic organic chemicals such as 2,3,7,8-tetrachloro dibenzo *p*-dioxin (TCDD or "Dioxin"). However, there have been, as yet, no significant, scientific long term studies of the individuals so exposed, with the exception of a recent study of workers exposed at Nitro, West Virginia.

110. . . . in 1949, an accident occurred at the 2,4,5-T-producing factory of defendant MONSANTO CO. in Nitro, West Virginia, as a result of which approximately 228 people were affected. Symptoms included chloracne, melanosis, muscular aches and pains, fatigue, nervousness and intolerance to cold.

111. . . . an accident occurred at the 2,4,5-T producing factory of the Phillips Duphar Company in the Netherlands in 1963, as a result of which approximately 50 people were affected, some of whom still had skin complaints in 1976.

112. . . . an outbreak of chloracne affected workers at the 2,4,5-T factory of defendant THE DOW CHEMICAL COMPANY in Midland, Michigan in 1964.

113. . . . during 1964 among certain employees working in a 2,4-D and 2,4,5-T-producing factory of Diamond Alkali Co., a division or subsidiary of defendant DIAMOND SHAMROCK CORPORATION at Newark, New Jersey, and manifesting features of chloracne, a number of other symptoms were observed, including increased excretion of uroporphyrins and raised serum glutamic-oxaloacetic transaminase, hirsutism, hyperpigmentation, in-

creased skin fragility and vesicobullous eruptions on exposed areas of the skin.

114. . . . in 1969, after the level of TCDD in the 2,4,5-trichlorophenol had been reduced to less than one 1.0 mg/kg, [ppm] re-examination of the employees of the same factory of said defendant DIAMOND SHAMROCK CORPORATION still found evidence of chloracne, hyperpigmentation, facial hypertrichosis, gastrointestinal symptoms (including nausea, vomiting, diarrhea, abdominal pains, blood in the stools), lower rextremity weakness, headache and/or decreased auditory acuity, elevated serum cholesterol, elevated serum lactic dehydogenase, diminished white blood cell count. The severity of chloracne was associated with the degree of hypomania as measured on the Minnesota Multiphasic Personality Inventory hypomanic scale.

115. . . . as part of the solvent is distilled off during the industrial preparation of 2,4,5-trichlorophenol, the reaction mixture is acidified and the trichlorophenol can be freed from 2,3,7,8-tetrachloro dibenzo *p*-dioxin (TCDD or "Dioxin") by distillation once or twice, with the result that the TCDD is concentrated in the residues. . . . in August 1972 waste oil contaminated with the toxic synthetic organic chemical 2,3,7,8-tetrachloro dibenzo *p*-dioxin (TCDD or "Dioxin") was sprayed on a horse arena in eastern Missouri and 54 of 57 horses exposed to the arena died of an illness characterized by skin lesions, severe weight loss and hepatotoxicity.

116. . . . near the end of Saturday morning, 10 July 1976, at the ICMESA plant at Seveso, in the Lombardy Region of Italy north of Milan, a chemical reactor involved in the industrial preparation of 2,4,5-trichlorophenol exploded sending a plume of chemicals, including the toxic synthetic organic chemical 2,3,7,8-tetrachloro dibenzo *p*-dioxin (TCDD or "Dioxin") 30 to 50 meters above the factory. Upon information and belief, the vapor cooled and came down over a cone shaped area about 2 kilometers long and 700 meters wide, and according to the calculations of Givaudan ICMESA, a Swiss company which owned the plant, between 650 GRAMS and 1700 GRAMS of the toxic synthetic organic chemical 2,3,7,8-

tetrachloro dibenzo *p*-dioxin (TCDD or "Dioxin") were released. . . . the autoclave involved in the accident, served in the manufacture of trichlorophenol, a substance which is intermediate in the synthesis of hexachlorophene, a substance used as a disinfectant in the formulation of medicinal soaps and various cosmetic products.

117. . . . for the year prior to the heretofore described release of the toxic synthetic organic chemical 2,3,7,8-tetrachloro dibenzo *p*-dioxin (TCDD or "Dioxin"), only four (4) cases of congenital malformations were recorded for 3,902 births for a rate of malformations of 0.12% of live births in the region contaminated with said toxic synthetic organic chemicals; and, upon information and belief, those four (4) cases of congenital malformations included two (2) cases of Down's Syndrome (mongolism) and two (2) cases of hypospadias. But, upon information and belief, for the year after the release of TCDD, 38 malformations were reported in 2,774 births for a rate of malformations of 1.36% of live births in the region; and, upon information and belief, those 38 malformations included two (2) cases of Down's Syndrome and two (2) cases of hypospadias, together with 34 polymorphic malformations including meningocele (a congenital hernia in which the meninges, the membranes covering the brain and spinal cord, protrude through an opening of the skull or spinal column; pulmonary aplasia (failure of the lungs to properly develop); atresia of the ear (pathologic closing or congenital absence of the ear opening); cardiopathies; ectopic bladder; coelosomy; abdominal malformations; anal anomaly, and anomalies of skeletal members.

Office-Supreme Court, U.S.
FILED
NOV 17 1981
ALEXANDER L. STEVAS,
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No. 80-1882

In the Supreme Court of the United States

OCTOBER TERM, 1981

CHARLES CHAPMAN, ET AL., PETITIONERS

v.

THE DOW CHEMICAL COMPANY, ET AL.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

BRIEF FOR THE UNITED STATES AS AMICUS CURIAE

REX E. LEE
Solicitor General

J. PAUL MCGRATH
Assistant Attorney General

LEONARD SCHAITMAN
MARK H. GALLANT
Attorneys

Department of Justice
Washington, D.C. 20530
(202) 633-2217

QUESTION PRESENTED

Whether federal common law governs claims of veterans and their families against defense contractors for injuries allegedly caused when herbicides manufactured by the contractors were used by the military during the Vietnam War.

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ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

BRIEF FOR THE UNITED STATES AS AMICUS CURIAE

This brief is filed in response to the Court's invitation to the Solicitor General to express the views of the United States.

STATEMENT

1. Respondents manufactured and supplied to the government various herbicides, including one known as Agent Orange, that were used by the military during the war in Vietnam. A number of veterans and their families sued respondents for damages in various federal district courts, claiming that the herbicides were contaminated with highly toxic substances and seeking damages for injuries and diseases allegedly caused by the veterans' exposure to the herbicides. Their claims are based on negligence, strict liability, and breach of warranty (Pet. App. 1a, 22a, 24a-25a).

Under 28 U.S.C. 1407, these actions, which now involve over 800 named plaintiffs said to represent more than two million veterans and their families, were consolidated for pretrial processing and transferred to the United States District Court for the Eastern District of New York (Pet. App. 23a, 25a). Petitioners' suit was designated as the lead action for procedural purposes (see *id.* at 23a-24a). Petitioners asserted that their claims were governed by federal common law (*id.* at 2a) and that therefore the district court had jurisdiction over the claims by virtue of 28 U.S.C. 1331(a), which provides that "[t]he district courts shall have original jurisdiction of all civil actions wherein the matter in controversy * * * arises under the * * * laws * * * of the United States * * *."

The district court, denying respondents' motion to dismiss the claims for lack of jurisdiction, held that petitioners' claims were governed by federal common law (Pet. App. 7a-19a, 20a) and hence arose under federal law within the meaning of 28 U.S.C. 1331(a) (Pet. App. 20a n.9). The district court reasoned that "substantial federal interests [are] at stake in these lawsuits" (*id.* at 13a). It noted the " 'distinctively federal' " relationship between the government and members of the armed forces and remarked that "[t]orts committed by war contractors against soldiers in action constitute 'harms inflicted' on the soldiers and 'interference' with the relationship between soldiers and the government. Such harms and interferences implicate federal interests * * *" (*id.* at 13a-14a, quoting *United States* v. *Standard Oil Co.*, 332 U.S. 301, 305-306 (1947)). The court added that "the federal interest in this litigation * * * includes as well the rights of the war contractors * * * since the extent of a contractor's liability * * * undoubtedly will[] affect future dealings between the contractor and the government" (Pet. App. 14a). The court explained (*id.* at 15a n.5):

> War contractors might be expected to increase the price of war materials to correspond to any extension in their potential liability. Such adjustments might have a significant effect on the federal treasury. If potential liability increased dramatically, future war contractors might attach conditions to the use of their products, or balk at supplying the military with any products whatsoever. Thus, the government's military capabilities might be affected by this litigation.

Applying state law to petitioners' claims, the court stated, "would burden federal interests by creating uncertainty as to the rights of both veterans and war contractors. It would also be unfair in that essentially similar claims, involving veterans and war contractors identically situated in all relevant respects, would be treated differently under different state laws" (*id.* at 17a).[1]

Finally, the district court remarked that while tort claims are traditionally matters for state law, "state law has not considered the complex question of a war contractor's liability to soldiers injuried by toxic chemicals * * * while engaged in combat and serving abroad" (Pet. App. 18a).

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[1]The district court qualified its ruling by noting: "A lone veteran suing the supplier of a single piece of defective military machinery would implicate only a minimal federal interest. * * * But [in] this litigation * * * [t]he estimated number of involved veterans ranges from thousands to millions, and the estimated potential liability * * * ranges from millions to billions of dollars. As the number of veterans and the size of the claims against the war contractors increase so the federal interest in this litigation expands" (Pet. App. 15a-16a). In this connection the district court cited three cases—*Whitaker* v. *Harvell-Kilgore Corp.*, 418 F. 2d 1010 (5th Cir. 1969), *Boeing Airplane Co.* v. *Brown*, 291 F. 2d 310 (9th Cir. 1961), and *Adams* v. *General Dynamics Corp.*, 405 F. Supp. 1020 (N.D. Cal. 1975)—in which state law apparently was applied to servicemen's claims against defense contractors without any discussion of whether federal law should apply. Each of these claims arose from a single event, none of which occurred during armed conflict. See also *Day & Zimmermann, Inc.* v. *Challoner*, 423 U.S. 3 (1975).

The court concluded that the state interests affected by the application of federal common law to petitioners' claims were slight "[b]ecause state law is no more or less developed as to such claims than federal common law" (*ibid.*).

2. Respondents appealed under 28 U.S.C. 1292(b), and a divided panel of the court of appeals reversed. The majority concluded, for two reasons, that there was no "identifiable federal policy at stake in this litigation that warrants the creation of federal common law * * *" (Pet. App. 32a). First, the majority said, "[s]ince this litigation is between private parties and no substantial rights or duties of the government hinge on its outcome, there is no federal interest in uniformity for its own sake. * * * [Therefore t]he fact that application of state law may produce a variety of results is of no moment" (*id.* at 33a).

Second, the court of appeals distinguished other cases in which federal common law was applied on the ground that in those cases "the government's substantive interest in the litigation [was] essentially mono[lithic], in that it [was] concerned only with preserving the federal fisc" (Pet. App. 34a). By contrast, the court stated (*ibid.*):

> [H]ere the government has two interests; and here the two interests have been placed in sharp contrast with one another. Thus, the government has an interest in the welfare of its veterans * * *. But the government also has an interest in the suppliers of its materiel; imposition, for example, of strict liability as contended for by plaintiffs would affect the government's ability to procure materiel without the exaction of significantly higher prices, or the attachment of onerous conditions, or the demand of indemnification or the like.

The court reasoned that "it is properly left to Congress in the first instance to strike the balance between the conflicting interests of the veterans and the contractors * * *" (*id.* at 35a). Accordingly, the court concluded that "while the federal government has obvious interests in the welfare of the parties to the litigation, its interest in the *outcome* of the litigation, *i.e.*, in how the parties' welfares should be balanced, is as yet undetermined. * * * In the present litigation the federal policy is not yet identifiable" (*id.* at 36a). For this reason, the panel majority held that state law governed petitioners' claims and accordingly that the district court lacked federal question jurisdiction.

Chief Judge Feinberg dissented. He endorsed the district court's view that the government has a substantial interest in the litigation, that the servicemen's claims should be treated uniformly, and that a federal determination of the novel issues involved in the case would not displace any well-established body of state law (Pet. App. 42a-44a).

3. After the court of appeals' ruling, the district court held further proceedings on petitioners' claims. *In re "Agent Orange" Product Liability Litigation*, 506 F. Supp. 762 (E.D.N.Y. 1980).[2] Apparently the court's jurisdiction over these proceedings rested on diversity of citizenship, as provided in 28 U.S.C. 1332. See 506 F. Supp. at 782-783 & n.30, 786. Our understanding is that a significant number of plaintiffs will not be able to bring diversity suits in federal district court.

At these proceedings, respondents asserted an affirmative defense based on federal law. They apparently claimed that the policies underlying the Defense Production Act, 50 U.S.C. App. 2061 *et seq.*, and their status as government contractors (see *Yearsley* v. *W.A. Ross Construction Co.*,

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[2]This opinion is Appendix A to the "Motion for Leave to File and Brief in Support of Petition for a Writ of Certiorari of the Ryan Family [and others] * * * Amici Curiae" filed by petitioners' counsel.

309 U.S. 18 (1940)), barred petitioners' claims. The district court stated that it was "satisfied that [such] a * * * defense exists and has possible application to the facts at bar." It denied respondents' motion for summary judgment, however, on the ground that respondents would have to establish certain facts about their relationship to the government in order to invoke the defense. 506 F. Supp. at 796. The court scheduled a trial on this issue "at the threshold of this action," before trial on liability. *Id.* at 796, 785.

In addition, the district court dismissed respondents' third-party complaint against the United States on the basis of *Stencel Aero Engineering Corp.* v. *United States*, 431 U.S. 666 (1977), and *Feres* v. *United States*, 340 U.S. 135 (1950). See 506 F. Supp. at 769-782. The court also denied the motion of petitioners (and apparently other plaintiffs) to "add[] [claims against] the United States government and many of its officials on a theory of constitutional tort" on the ground that these claims were not sufficiently related to the pending claims (*id.* at 786).

DISCUSSION

Petitioners do not contend that their claims arise under, or are governed by, the Constitution or any specific federal statute. Instead, they assert that their claims "arise under" federal common law.[3] Although the question is close, and our reasoning differs somewhat from that of the court of appeals, we believe that petitioners' claims do not arise under federal common law. Because the court of appeals reached the correct result, and because the decision below does not conflict with any other appellate ruling, we see no need for this Court to grant further review.

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[3]As the district court recognized (Pet. App. 20a n.9), *Illinois* v. *City of Milwaukee*, 406 U.S. 91, 99-100 (1972), held that jurisdiction under 28 U.S.C. 1331(a) extends to "claims founded federal common law * * *."

This Court has used various formulas to describe the circumstances in which a court may apply federal common law to an issue. For example, the Court has recognized the " 'federal judicial competence to declare the governing law in an area comprising issues substantially related to an established program of government operation.' " *United States* v. *Little Lake Misere Land Co.*, 412 U.S. 580, 593 (1973), quoting Mishkin, *The Variousness of "Federal Law": Competence and Discretion in the Choice of National and State Rules for Decision*, 105 U. Pa. L. Rev. 797, 800 (1957); see *United States* v. *Kimbell Foods, Inc.*, 440 U.S. 715, 727 (1979); *Miree* v. *DeKalb County*, 433 U.S. 25, 35 (1977) (Burger, C.J., concurring). On other occasions the Court has said that federal common law applies to matters that "implicate 'uniquely federal interests' " (*Texas Industries, Inc.* v. *Radcliff Materials*, No. 79-1144 (May 26, 1981), slip op. 12, quoting *Banco Nacional de Cuba* v. *Sabbatino*, 376 U.S. 398, 426 (1964)) or that "rais[e] issues of uniquely federal concern" (*Northwest Airlines* v. *Transport Workers Union of America, AFL-CIO*, No. 79-1056 (Apr. 20, 1981), slip op. 17). The Court has also stated that a federal rule should apply "when there exists 'a significant conflict between some federal policy or interest and the use of state law' " (*City of Milwaukee* v. *Illinois*, No. 79-408 (Apr. 28, 1981), slip op. 6, quoting *Wallis* v. *Pan American Petroleum Corp.*, 384 U.S. 63, 68 (1966); see *Miree* v. *DeKalb County*, *supra*, 433 U.S. at 31). The Court has emphasized, however, that in litigation between private parties, there is a strong presumption against displacement of state law by federal common law. *Id.* at 30, 31. We do not believe that that presumption has been overcome in this case.

As the district court and all the members of the court of appeals' panel recognized, petitioners' claims implicate the federal government's relationship to both its defense contractors and the members and former members of the

armed services—matters of obvious importance to the government. For example, petitioners' claims may be resolved in a way that adversely affects defense procurement—by affecting the cost of procuring materials from defense contractors or the terms on which materials are supplied. Similarly, military morale and recruitment may be significantly affected by the extent to which servicemen must bear the risk of injuries they suffer while in the armed forces. See, *e.g.*, *Johnson* v. *Robison*, 415 U.S. 361, 382-383 (1974), quoting 38 U.S.C. 1651 (education benefits for veterans " 'enhanc[e] and mak[e] more attractive service in the Armed Forces' "). The resolution of this case could well affect the extent to which servicemen must bear such risks.

The district court and the dissenting judge on the court of appeals could only speculate, however, on the impact application of state law might have on the federal treasury, military procurement, or the soldier-superior relationship (Pet. App. 15a-16a, 42a). Perhaps more important, the Department of Defense and the Veterans Administration inform us that the government's interests will not be harmed if petitioners' claims are treated as arising under state law. While the government's relationships to its defense contractors and its soldiers are somewhat different from a private employer's relationships to its suppliers and employees, those differences, in our view, are not sufficient to warrant the conclusion that "uniquely federal" interests (see *Texas Industries, Inc.* v. *Radcliff Materials, supra*, slip op. 12) have "inserted [themselves] into the texture of [petitioners'] * * * claim[s]" (*Wheeldin* v. *Wheeler*, 373 U.S. 647, 659 (1963) (Brennan, J., dissenting), quoting Mishkin, *The Federal "Question" in the District Courts*, 53 Colum. L. Rev. 157, 166 (1953)) or that there is "a significant conflict between some federal policy or interest and the use of state law in the premises * * *" (*Wallis* v. *Pan American Petroleum Corp.*, *supra*, 384 U.S. at 68, quoted with emphasis in *Miree* v. *DeKalb County*, *supra*, 433 U.S. at 31)—the test

that petitioners would have to meet in order to show that their claim "arises under" federal law within the meaning of 28 U.S.C. 1331(a). Compare *Wheeldin* v. *Wheeler, supra,* and *Illinois* v. *City of Milwaukee, supra,* 406 U.S. at 99-100 with, *Smith* v. *Kansas City Title & Trust Co.,* 255 U.S. 180, 199 (1921), and P. Bator, P. Mishkin, D. Shapiro & H. Wechsler, *Hart & Wechsler's The Federal Courts and the Federal System* 889 (2d ed. 1973).

In order to avoid "a debilitating uncertainty in the planning of everyday affairs," state law, not federal law, is the principal "system[] of law controlling the primary activity of citizens." *Hanna* v. *Plumer,* 380 U.S. 460, 474 (1965) (Harlan, J., concurring). State law is thus the background for the great bulk of private economic decisions, including many that affect the interests of the United States in some way;[4] the parties to this litigation are presumably accustomed to ordering their affairs by reference to state law, and claims such as negligence and breach of warranty are subject to a well-developed body of state law. In the judgment of those charged with administering the nation's military and veterans' affairs, the federal interests involved here are not sufficiently unique and pressing to warrant the conclusion that "there exists 'a significant conflict between some federal policy or interest and the use of state law' " (*City of Milwaukee* v. *Illinois, supra,* slip op. 6, quoting *Wallis* v. *Pan American Petroleum Corp., supra,* 384 U.S. at 68) to resolve petitioners' claims against respondents. No Act of Congress expresses a contrary judgment. Moreover, as respondents point out, the rights of the United States as a party are not involved in petitioners' claims against respondents.

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[4]Congress incorporated state substantive rules of liability when it waived the United States' immunity to damage claims in the Federal Tort Claims Act, 28 U.S.C. 2674.

Finally, a conclusion that petitioners' claims do not arise under federal common law does not suggest that federal law will play no role in their resolution. The district court may have to consider or construe federal statutes in determining the reasonableness of a party's actions. Furthermore, if state law would resolve a suit like petitioners' in a way that seriously impairs an ascertainable federal policy—whether that policy is embodied in a specific statute or inferred from the general tenor of congressional action in an area—the federal policy will preempt the state rule of decision. See *Wallis* v. *Pan American Petroleum Corp.*, *supra*, 384 U.S. at 69-70. Compare *United States* v. *Little Lake Misere Land Co.*, *supra*, 412 U.S. at 594-603, with *id.* at 606-608 (Rehnquist, J., concurring). In addition, if suits such as these threaten to obstruct some federal program or policy, Congress retains the power to legislate the governing rules.[5] In our judgment, these safeguards appear to be sufficient, at this juncture, to protect the federal interests implicated by petitioners' claims.[6] We therefore see no basis for concluding that those claims arise under federal common law.

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[5]We note that Congress recently has enacted statutes mandating an epidemological study of veterans exposed to Agent Orange (Veterans Health Programs Extension and Improvement Act of 1979, Pub. L. No. 96-151, Section 307, 93 Stat. 1097, 38 U.S.C. (Supp. III) 219 note), and both Houses have passed versions of a bill, H.R. 3499, 97th Cong., 1st Sess. (1981), relaxing the standards of proof veterans must meet in order to obtain medical care for disabilities apparently linked to herbicides used in Vietnam. See Act of Nov. 3, 1981, Pub. L. No. 97-72, 95 Stat. 1047; 127 Cong. Rec. H2537-H2547, H2550-H2551 (daily ed. June 2, 1981); *id.* at S6256-S6262 (daily ed. June 16, 1981).

[6]We also express no view on respondents' assertion (see page 5, *supra*) that they have a non-statutory federal defense that defeats petitioners' claims. It is well settled, however, that the possibility that an affirmative federal defense will bar a claim does not make the claim one arising under federal law. See, *e.g.*, *Gully* v. *First National Bank*, 299 U.S. 109 (1936); *Louisville & Nashville R.R.* v. *Mottley*, 211 U.S. 149 (1908).

CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted.

REX E. LEE
Solicitor General

J. PAUL MCGRATH
Assistant Attorney General

LEONARD SCHAITMAN
MARK H. GALLANT
Attorneys

NOVEMBER 1981

DOJ-1981-11

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Respondents.

(IN RE "AGENT ORANGE" PRODUCT LIABILITY LITIGATION)

PETITIONERS' SURREPLY TO THE SOLICITOR GENERAL

VICTOR JOHN YANNACONE, JR.
Counsel of Record for Petitioners

AARON D. TWERSKI
IRVING LIKE
ALBERT J. FIORELLA
EDWARD F. HAYES, III
W. KEITH KAVENAGH

YANNACONE & ASSOCIATES
Post Office Drawer #109
Patchogue, New York 11772
(516) 654-2299

Attorneys for Petitioners

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ARGUMENT

At the conclusion of the last Term, this Court asked the Solicitor General to express the view of the United States Government with regard to the grant of certiorari in the "Agent Orange" litigation. The Solicitor General has now responded to that request in a document which is inexplicable and internally contradictory.

Presumably, the Court was not asking the Solicitor General for a brief on federal common law or the nuances of federalism. Those issues had been ably briefed and are the subject of thorough opinions by some of the finest trial and appellate

judges in this country. The issue is whether the "Agent Orange" case raises a "federal question" under 28 U.S.C. § 1331.[1] The United States has not challenged this premise; they have endorsed it. See, Brief for the United States as *Amicus Curiae,* pp. 7-8.

Contrary to the unsupported assertion of the Solicitor General that the "[p]etitioners do not contend that their claims arise under, or are governed by, the Constitution" (*Id.*, p. 3), the veterans *do* contend that their claims arise under the Constitution of the United States.[2] Two hundred years ago this nation refused to relegate all its military responsibilities to the political vacillations and uncertainties of thirteen new states[3]

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1 See Petition for a Writ of Certiorari to the United States Court of Appeals for the Second Circuit, "Questions Presented," pp. i, 3, 11, 7a-19a; Brief in Support of Petition for a Writ of Certiorari of the Ryan Family, on behalf of all the plaintiff veterans and their families from New York, Alabama, Alaska, Arkansas, Colorado, Georgia, Idaho, Maine, Mississippi, Montana, Nebraska, Nevada, North Carolina, North Dakota, South Dakota, Rhode Island, Utah, Virginia, West Virginia, Wisconsin, *Amici Curiae,* pp. iii, 3-4, 6-7, 8-9; Brief in Opposition to Petition, "Statutory Provision Involved," p. 2; Petitioners' Supplementary and Reply Brief Supporting Petition, pp. 5-7, 10-11.

2 See Petition for a Writ of Certiorari to the United States Court of Appeals for the Second Circuit, p. 11 n. 8; Brief in Support of Petition for a Writ of Certiorari of the Ryan Family, on behalf of all the plaintiff veterans and their families from New York, Alabama, Alaska, Arkansas, Colorado, Georgia, Idaho, Maine, Mississippi, Montana, Nebraska, Nevada, North Carolina, North Dakota, South Carolina, South Dakota, Rhode Island, Utah, Virginia, West Virginia, Wisconsin, *Amici Curiae,* pp. 8-9; Brief in Opposition to Petition, "Statutory Provision Involved," p. 2; Petitioner's Supplementary and Reply Brief Supporting Petition, pp. 3-4.

3 The Founding Fathers raised the same question in 1787 while the country was still governed by the Articles of Confederation, under which there was proportional sharing by the states, ". . . for all charges of war, and all other expenses that shall be incurred for the common defence or general welfare . . ." Article VII, "Articles of Confederation," in *United States: Formation of the Union,* Charles C. Tansill, ed., (Government Printing Office, 1927). In the *Federalist Papers,* Alexander Hamilton challenged this method of providing for national defense,

and adopted Article I, Section 8 of the Constitution. Today, the Solicitor General would have this Court subordinate the national interest to the variegated laws of not thirteen but fifty states.

The Solicitor General completed his contribution to this case when he endorsed the premise that the "Agent Orange" case raises a "federal question." He answered the only question on which his input had been sought. Nevertheless, he ventured his own opinion that although the federal issues were of enormous importance, federal interests would not be damaged by the application of state law.[4] His opinion was bolstered by similar opinions from the Department of Defense and the Veterans Administration. The Solicitor General did not take the trouble to explain how damage to the important federal interests would be averted if, for example:

> . . . veterans from different states who stood side by side in Viet Nam would be treated differently according to the statutes of limitations of their respective domiciles. Today, the Courthouse door is closed to the veterans in nineteen states while those in the other states can proceed with this litigation.

". . . will not weakness, disorder, and undue distribution of the burdens and calamities of war, an unnecessary and intolerable increase of expense, be its natural and inevitable concomitant? Have we not had unequivocal experience of its effects in the course of the revolution . . . ? Every view we may take of the subject, as candid inquirers after truth, will serve to convince us, that it is both unwise and dangerous to deny the federal government an unconfined authority as to all those objects which are intrusted [sic] to its management."

Edward M. Earle, ed., *The Federalist* (New York: The Modern Library, 1941), No. 23, 144-145.

4 The Solicitor General argues that although the federal interests are real and significant, the actual dollar impact of this case on the Treasury, war material procurement, and military discipline is "speculative". Brief for the United States as *Amicus Curiae*, p. 8. That the quantum of injury has not been liquidated does not detract from its reality.

> . . . one state would apply strict liability on the failure-to-warn issue, while another state would apply negligence doctrines. The very same batch of "Agent Orange" which simultaneously affected thousands of combat soldiers would be declared both "defective" and "not defective".
>
> . . . one state would permit proof of causation on the basis of statistical evidence and apportion liability according to market share, while another state would deny such recovery.

The Solicitor General has not answered such questions because he cannot. Once he has admitted massive federal interests in this case there is no way to minimize their impact. The questions must be side-stepped and the Solicitor General has sought to do just that.[5]

The unidentified opinions which issued forth from the bowels of the Defense Department and Veterans Administration bureaucracy must be disregarded. It is common knowledge that relegating the veterans' claims to state law under diversity jurisdiction will seriously cripple the "Agent Orange" litigation.[6]

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5 Citing *Wallis* v. *Pan American Petroleum Corp.*, 384 U.S. 63 (1966), the Solicitor General suggests that many of the problems presented by application of state law in this litigation can be "patched-up" by an *ad hoc* application of "federal" law to particular issues, at least where federal policy can be ascertained from Congressional enactments. In diversity cases, however, past practice has been for each federal District Court to apply its local state statute of limitations, *Guaranty Trust Co.* v. *York*, 326 U.S. 99 (1945). It is difficult to see how that requirement, with its inevitable consequences, can prevent injustice to the veterans in the "Agent Orange" cases. The Solicitor General appears to suggest that federal law should apply to this case in all but fact, a possible but impractical and intellectually ungratifying result. A uniform rule of federal common law, however, can and should be applied to the veterans' claims as "federal question" litigation under 28 U.S.C. § 1331 in the absence of a specific contrary Congressional mandate. *City of Milwaukee* v. *Illinois*, No. 79-408 (April 28, 1981). There is no good reason why, in a case so heavily imbued with federal interest and bearing on future national security, this Court should accept a "second best" approach.

6 Brief *Amici Curiae* by the Ryan Family, pp. i-ii, 10-11.

The attitude of the Defense Department and the Veterans Administration toward the "Agent Orange" claims is well known. They would like this case to go away. That the commissions of some and the omissions of others will be replayed in all their sordid detail in the judicial theatre is not something eagerly anticipated by agencies that have continually mouthed a theme orchestrated by the chemical companies. Both the Defense Department and the Veterans Administration already have been embarrassed by their treatment of the Viet Nam combat veterans. The thought that these veterans and their families will have the opportunity to present the testimony of prestigious experts who will clarify the relationship between the United States and the defense contractors with regard to the "Agent Orange" claims can give them no solace.

CONCLUSION

The Solicitor General admits that the question is a close one. If it is close then the very least that tens of thousands of veterans who placed their lives on the line have a right to demand of this Court is that their "close question" be decided by the supreme authority over such questions.

Certiori should be granted.

Respectfully submitted,

VICTOR JOHN YANNACONE, JR.
Counsel of Record for Plaintiffs

AARON D. TWERSKI
IRVING LIKE
EDWARD F. HAYES, III
ALBERT J. FIORELLA
W. KEITH KAVENAGH

YANNACONE & ASSOCIATES
Post Office Drawer #109
Patchogue, New York 11772
(516) 654-2299

Attorneys for Petitioners